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## Make in India Initiative: Benefits and Challenges

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### Abstract

Make in India is an ambitious initiative launched by the Government of India in September 2014 to transform the country into a global manufacturing hub. The program aims to attract foreign investment and facilitate domestic manufacturing, thereby boosting economic growth, creating jobs, and enhancing India's position in the global economy. This initiative developed by government specially to the economy and boost up the employment and production in India. The growth of the production sector also enhances other sectors and demans the import and heavy expenditure that gone on other basic technological pieces of equipment. In reference, it also opens the horizons for other sectors and precise their development. In comparison to the developed economies, India is still lagging behind but after the “Make in India” initiative India has been successful in creating the optimism in the market. Under this scheme various Industries were developed to increase the production and ready to face the global competition. If it is analysed historically, no economy is developed without developing the Industrial sector. In addition to this, higher industrial growth leads to higher employment opportunities and thus purchasing power. So, it is an attempt has been made to know the relevance and challenges in front of “Make in India” initiative and its effects in future. This paper is mainly based on secondary resources but some primary resources are also used that is data collected from Indian governmental ministerial websites and unstructured interview of local merchants before and after implication of this initiative. Mainly descriptive and before and after studies were done in this paper.

Keywords: Make in India, Infrastructure, Growth, Investment, Manufacturing, Initiative

### Introduction

The goal of the Made in India campaign, which was introduced on September 25, 2014, is to promote innovation, encourage investment, develop world-class infrastructure, and establish India as a centre for design, manufacturing, and innovation. For the Indian government,

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building a strong manufacturing sector remains a top objective. The Made in India programme, which is being implemented by several Ministries/Departments, the Central Government, State Governments, including Tamil Nadu, is now focused on 27 sectors under the banner of Made in India 2.0. Since its inception, the effort has achieved a great deal.

The government has implemented a number of policy measures to strengthen the economy. The Atmanirbhar Bharat packages, the introduction of the Production Linked Incentive (PLI) Scheme in fourteen (14) sectors, the National Monetization Pipeline (NMP) and National Infrastructure Pipeline (NIP) investment opportunities, the India Industrial Land Bank (IILB), the Industrial Park Rating System (IPRS), the soft launch of the National Single Window System (NSWS), and so on are some of these. Project Development Cells (PDCs), an institutional framework to expedite investments, have been established in all relevant Ministries/Departments of the Government of India. The Central Government, State Governments, including Tamil Nadu, and several Ministries and Departments are implementing the aforementioned programmes and initiatives. But along with the AtmNirbhar initiative, government give a special attention to the IT sector.

#### **Main Pillars of Make in India Initiative**

- **New Procedures:** "Made in India" acknowledges that the most crucial element in encouraging entrepreneurship is "ease of doing business". Several steps have already been done to improve the business climate.
- **New Infrastructure:** The government plans to build smart cities and industrial corridors, as well as top-notch infrastructure with cutting-edge technology and fast communication. A quick registration process and upgraded IPR registration infrastructure facilitate innovation and research endeavours. The industry's skill requirements must be determined, and workforce development initiatives must be launched in response.
- **New Sectors:** There has been a significant increase in Foreign Direct Investment (FDI) in the construction, insurance, medical device, defence, and railroad infrastructure sectors. FDI has also been permitted in the insurance and medical device industries.
- **New Mentality:** The government should work as a facilitator rather than a regulator when collaborating with business to advance the nation's economy.

#### **Reforms in IT & Industrial Sector.**

Reforms in the Information & Technology Sector in India IT-BPM sector plays a very significant role in the development of Indian economy it accounts for largest share in total Indian services export (45%). This sector accounts for 56% of the total global outsourcing market. It has around 640 offshore development centres in more than 80 countries. As in the growing pace, it is predicted that Indian IT & BPM industry grows to USD300billion by 2020. Being the largest contributor in Indian economy, IT-BPM is the largest private sector employer - delivering 3.7 million jobs which constitute approx. 9.3% of India's GDP. India's GDP.

### **Some Other Major Initiative by Government of India**

- **Industrialization and Urbanisation:** As part of the National Industrial Corridor Programme, the Indian government is creating a number of industrial corridor projects with the goal of creating greenfield industrial regions and nodes that can rival the world's top investment and manufacturing locations. The GoI has given the go-ahead for the development of 32 projects in 11 industrial corridors across four phases.
- **New Design, Innovation, and R&D:** With over 79,100 startups, India has the third-largest tech-driven startup ecosystem in the world. The "Start-up India" project was introduced with the goal of encouraging innovation and entrepreneurship by building an environment that supports the expansion of startups.
- **Ease of Doing Business Reforms:** The government has implemented several reforms to improve the ease of doing business in India and make it more attractive for companies to set up manufacturing facilities. These reforms include streamlining regulatory procedures, reducing compliance burden, and enhancing infrastructure facilities such as industrial parks and special economic zones.
- **Special Economic Zones (SEZs):** Special Economic Zones are designated areas with favorable business environment and incentives to promote exports and manufacturing activities. The government has set up SEZs across the country to attract investments, boost exports, and create employment opportunities.
- **Infrastructure Development:** The government is investing heavily in infrastructure development to support manufacturing activities and facilitate seamless movement of goods across the country. Initiatives such as Bharatmala, Sagarmala, and Dedicated Freight Corridors aim to improve road, rail, and port connectivity, thereby reducing logistics costs and enhancing competitiveness.

- **Technology Upgradation:** To enhance the technological capabilities of Indian industries, the government has launched initiatives such as the Technology Upgradation Fund Scheme (TUFS) and the Electronics Manufacturing Clusters (EMC) scheme. These initiatives provide financial assistance and incentives for technology adoption, modernization, and capacity expansion.
- **Skill Development:** The government is focusing on skill development initiatives to create a skilled workforce capable of meeting the demands of the manufacturing sector. Programs such as the National Skill Development Mission and the Skill India Mission aim to impart vocational training and enhance employability in manufacturing-related trades.

These initiatives demonstrate the government's commitment to strengthening the Make in India initiative and positioning India as a global manufacturing hub. By addressing key challenges and leveraging India's strengths, these initiatives have the potential to drive sustainable growth, job creation, and economic prosperity in the country.

#### **Benefits of Make in India:**

- **Economic Growth:** Make in India aims to accelerate economic growth by increasing manufacturing output, which contributes significantly to GDP. A robust manufacturing sector fosters innovation, productivity, and competitiveness, driving economic development.
- **Job Creation:** The initiative has the potential to generate employment opportunities across the spectrum, from skilled to unskilled labour. With the growth of manufacturing industries, there is a ripple effect on related sectors, leading to additional job creation in services, logistics, and retail.
- **Foreign Direct Investment (FDI):** Make in India seeks to attract foreign investment by simplifying regulations, improving infrastructure, and offering incentives to investors. Increased FDI inflows not only bring in capital but also technology transfer, managerial expertise, and access to global markets, fostering industrial development.
- **Balanced Regional Development:** By promoting manufacturing in various states and regions, Make in India aims to reduce regional disparities and promote inclusive growth. It encourages investment in less developed areas, leading to infrastructure development and socio-economic progress.
- **Export Promotion:** A thriving manufacturing sector strengthens India's export competitiveness by producing high-quality goods at competitive prices. Make in India

focuses on enhancing exports, which not only brings in foreign exchange but also strengthens India's position in global trade.

### **Challenges Facing Make in India:**

- **Infrastructure Bottlenecks:** Inadequate infrastructure, including transportation, power, and logistics, poses a significant challenge to the smooth operation of manufacturing units. Addressing infrastructure deficiencies is crucial for attracting investment and sustaining manufacturing growth.
- **Complex Regulatory Environment:** Despite efforts to ease regulations, bureaucratic red tape and complex approval processes remain obstacles for businesses. Streamlining regulatory procedures and enhancing transparency are essential to improve the ease of business in India.
- **Skill Shortages:** The lack of skilled labour in manufacturing industries hampers productivity and innovation. There is a need for investments in education and vocational training programs to equip the workforce with the skills required for modern manufacturing processes.
- **Global Competition:** India faces stiff competition from other manufacturing hubs, such as China, Vietnam, and Bangladesh. To remain competitive, India must focus on enhancing productivity, adopting advanced technologies, and improving the business environment.
- **Environmental Sustainability:** Rapid industrialization can have adverse environmental impacts if not managed properly. Make in India should prioritize sustainable practices, including resource efficiency, waste management, and pollution control, to minimise environmental degradation.

### **Suggestions for Enhancing Make in India:**

- **Incentivize Research and Development (R&D):**  
Offer tax incentives, grants, and subsidies to encourage investment in research and development activities within the manufacturing sector. Fostering innovation-driven growth will enable Indian industries to develop cutting-edge technologies, enhance product quality, and stay ahead of global competition.
- **Promote Cluster Development:**  
Foster the creation of industrial clusters or special economic zones (SEZs) tailored to specific industries or sectors. Concentrating resources and infrastructure within these

clusters encourages collaboration, economies of scale, and knowledge sharing, thereby enhancing efficiency and competitiveness.

- **Facilitate Access to Finance:**

Enhance access to finance for small and medium-sized enterprises (SMEs) and startups through dedicated financing schemes, venture capital funds, and technology incubators. Improving access to capital enables aspiring entrepreneurs to transform innovative ideas into viable business ventures, driving entrepreneurial growth and job creation.

- **Streamline Land Acquisition Processes:**

Simplify and expedite the land acquisition process for industrial projects by implementing transparent land acquisition policies and establishing dedicated agencies to facilitate land acquisition and allotment. Clear and predictable land acquisition procedures reduce delays and uncertainties, thereby attracting investment and expediting project implementation.

- **Enhance Connectivity and Logistics:**

Invest in improving connectivity and logistics infrastructure, including road, rail, air, and port facilities, to reduce transportation costs, enhance supply chain efficiency, and facilitate seamless movement of goods within the country and for export. Efficient logistics infrastructure is critical for attracting investment and enabling just-in-time manufacturing practices.

- **Encourage Public-Private Partnerships (PPPs):**

Foster collaboration between the government and private sector through public-private partnerships (PPPs) to develop critical infrastructure, such as industrial parks, logistics hubs, and utility services. PPPs leverage the strengths of both sectors to accelerate infrastructure development, enhance service delivery, and optimize resource utilization.

- **Promote Sector-specific Policies:**

Develop sector-specific policies and initiatives tailored to the unique requirements and challenges of key industries, such as automotive, electronics, pharmaceuticals, and textiles. Sector-specific policies can address industry-specific bottlenecks, foster innovation, and create a conducive environment for sectoral growth and competitiveness.

- **Embrace Trade Facilitation Measures:**

Implement trade facilitation measures, such as reducing trade barriers, simplifying customs procedures, and harmonizing standards and regulations, to promote seamless trade and enhance India's integration into global value chains. Facilitating trade reduces transaction costs, expands market access, and boosts exports, driving manufacturing growth and competitiveness.

- **Focus on Quality and Standards:**

Emphasize the importance of quality assurance and adherence to international standards in manufacturing processes and products. Establish quality certification mechanisms, invest in testing and certification infrastructure, and provide technical assistance to help Indian manufacturers meet global quality requirements and enhance market acceptance.

- **Promote Brand India:**

Launch marketing and branding campaigns to promote Indian manufacturing capabilities, products, and brands on the global stage. Highlighting India's strengths in innovation, quality, and reliability enhances the country's reputation as a preferred destination for manufacturing investment and trade, attracting global customers and investors.

#### **Some potential disadvantages or criticisms of the Make in India initiative:**

- **Dependence on Foreign Investment:** Attracting foreign direct investment (FDI) is a crucial component of the Make in India initiative. However, over-reliance on foreign capital may raise concerns about economic sovereignty and leave the country vulnerable to external shocks. Excessive dependence on FDI could also result in foreign companies exerting significant control over domestic industries, potentially undermining national interests.
- **Job Polarization and Wage Disparities:** Make in India initiative aims to generate employment opportunities for the citizens. However, there is a risk of job polarization, where new jobs created may be mostly low-skilled and low-paying, further worsening the income disparities. Furthermore, the arrival of foreign companies may lead to wage disparities between domestic and multinational enterprises, which can cause social tensions.
- **Environmental Degradation:** Rapid industrialization under Make in India could cause environmental degradation, including pollution, deforestation, and depletion of natural resources. Without proper safeguards and enforcement of environmental

regulations, unchecked industrial growth may harm ecosystems, public health, and worsen climate changes.

- **Displacement of Traditional Industries:** The Make in India campaign's focus on modern manufacturing and technology-driven industries could overshadow traditional sectors like handicrafts, handlooms, and small-scale industries. This may lead to the marginalization or displacement of traditional artisans and workers, which could pose a threat to cultural heritage and livelihoods.
- **Infrastructure Strain:** While the Make in India initiative aims to strengthen infrastructure, there is a possibility that rapid industrial growth could put a strain on the existing infrastructure. This could lead to issues such as congestion, overutilization of resources, and increased pressure on public services. If the infrastructure is not developed adequately, it may impede the effectiveness and competitiveness of manufacturing enterprises, which could discourage investment and hamper growth.
- **Trade Imbalance:** Regulatory Challenges continue to be a major obstacle for businesses operating in India, despite efforts to simplify regulations. The bureaucratic hurdles and complexities of regulations remain significant obstacles. Inconsistent enforcement of laws, delays in approvals, and policy uncertainty may deter investment and hinder the ease of doing business, particularly for small and medium-sized enterprises (SMEs).
- **Regional Disparities:** Despite attempts to encourage regional development, there is a chance that regional inequalities may worsen if industrial growth is focused solely on certain urban areas or states. Neglecting underdeveloped regions may continue to perpetuate inequalities and social tensions, making it necessary to implement inclusive policies and targeted investments in order to foster a more balanced regional development.

## Conclusion

The Make in India initiative has emerged as a cornerstone of India's economic policy, aiming to transform the country into a global manufacturing hub and unleash its vast potential for industrial growth. Over the years, the initiative has witnessed both significant benefits and notable challenges, reflecting the complexities of fostering domestic manufacturing in a rapidly evolving global landscape. On the positive side, the Make in India initiative has brought about a range of benefits for the Indian economy, industries, and society at large.



One of the most significant advantages is the boost to industrial growth and job creation. By promoting domestic manufacturing and attracting foreign investment, the initiative has spurred the growth of various industries, ranging from automobiles and electronics to pharmaceuticals and textiles. This growth has not only contributed to higher GDP growth rates but has also generated millions of new job opportunities, particularly in sectors with high labour intensity.

Moreover, the Make in India initiative has helped improve India's competitiveness in the global market. By focusing on ease of doing business reforms, infrastructure development, and technology upgradation, the initiative has enhanced the overall business environment and made India a more attractive destination for investment. This has led to increased foreign direct investment (FDI) inflows, technology transfers, and collaborations with multinational corporations, thereby strengthening India's position in global value chains. Furthermore, the Make in India initiative has bolstered India's self-reliance and resilience, particularly in critical sectors such as defense, pharmaceuticals, and electronics. By promoting indigenous production and reducing dependence on imports, the initiative has enhanced India's strategic autonomy and reduced vulnerabilities to external shocks. This strategic shift towards self-sufficiency aligns with India's long-term economic and security objectives, fostering sustainable development and national prosperity.

However, despite its numerous benefits, the Make in India initiative also faces several challenges that need to be addressed to realize its full potential. One of the major challenges is the need for infrastructure development and logistical improvements. Inadequate infrastructure, including roads, ports, and power supply, continues to pose a significant barrier to manufacturing growth, leading to higher production costs and inefficiencies. Addressing these infrastructure bottlenecks requires substantial investments and policy reforms to enhance connectivity, reduce logistics costs, and improve the ease of doing business. Another challenge is the issue of regulatory complexity and bureaucratic hurdles. Despite efforts to streamline regulatory procedures and improve the ease of doing business, India's regulatory environment remains complex and fragmented, hindering investment and business expansion. Simplifying regulatory frameworks, reducing compliance burden, and enhancing transparency and accountability in governance are essential to create a conducive business environment for manufacturing growth. Moreover, the Make in India initiative needs to focus on skill development and technology upgradation to enhance the competitiveness of Indian industries. A skilled workforce equipped with the latest technological know-how is

essential to drive innovation, improve productivity, and compete effectively in the global market. Investing in vocational training, research and development, and technology adoption is crucial to build the capabilities required for sustainable manufacturing growth.

In conclusion, the Make in India initiative represents a bold vision to transform India into a global manufacturing powerhouse. While the initiative has yielded significant benefits in terms of industrial growth, job creation, and self-reliance, it also faces challenges that need to be addressed effectively. By addressing infrastructure bottlenecks, simplifying regulatory procedures, and investing in skill development and technology upgradation, India can unlock its full potential and emerge as a leading player in the global manufacturing landscape. With continued commitment and concerted efforts from all stakeholders, the Make in India initiative has the potential to drive inclusive and sustainable growth, paving the way for India's economic resurgence on the world stage.

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