

UPSC Civil Services Examination

UPSC Notes [GS-III]

Topic: Make In India - Initiatives, Aims, Advantages & Challenges

Make in India is a government scheme launched by Prime Minister Narendra Modi in 2014 intended to boost the domestic manufacturing sector and also augment investment into the country. The government wants to revive the lagging manufacturing sector and spur the growth of the economy. The GOI also intends to encourage businesses from abroad into investing in the country and also manufacture here, by improving the country's 'Ease of Doing Business' index. The long-term vision is to gradually develop India into a global manufacturing hub, and also boost employment opportunities in the country.

The highlights of this scheme are mentioned in the table below:

| | |
|------------------------------|---------------------------------------------------------------------|
| Name of the scheme | Make in India |
| Date of launching | 25th September 2014 |
| Launched by | PM Narendra Modi |
| Government Ministry | Ministry of Commerce and Industry |
| Make in India website | http://www.makeinindia.com |

Make in India Logo

The Make in India logo is a lion. It is a lion's silhouette filled with cogs. This symbolises manufacturing, national pride and strength.



Sectors covered under Make In India

The Make in India website also has listed the 25 focus sectors and also furnished all relevant details about these sectors, and related government schemes, including the FDI policies, IPR, etc.

The main sectors covered under this campaign are given in the table below:

| | | |
|----------------------------------------|---------------------------------------------|-----------------------|
| Aviation | Biotechnology | Chemicals |
| Automobile and Automobile components | Media and Entertainment | Mining, Oil and Gas |
| Construction and Defence manufacturing | Electrical machinery and Electronic systems | Food processing |
| IT and BPM | Leather | Pharmaceuticals |
| Ports and shipping | Railways | Renewable energy |
| Roads and highways | Space | Textiles and garments |
| Thermal power | Tourism and hospitality | Wellness |

Why Make in India?

There are multiple reasons why the government has chosen to focus on manufacturing. The key ones are discussed below:

- For the past two decades, India's growth story seems to have been led by the services sector. This approach paid off in the short-run, and India's IT and BPO sector saw a huge leap, and India was often dubbed the 'back office of the world'. However, even though the share of the services sector in the Indian economy rose to 57% in 2013, it contributed to only 28% in the share of employment. So, the manufacturing sector needed to be augmented in order to boost employment. This is because the services sector currently has low absorption potential considering the demographic dividend in the country.

- Another reason to launch the campaign is the poor condition of manufacturing in India. The share of manufacturing in the overall Indian economy is only about 15%. This is way lower than our neighbours in East Asia. There is an overall trade deficit when it comes to goods. The trade surplus in services hardly covers one-fifth of India's trade deficit in goods. The services sector alone cannot hope to answer this trade deficit. Manufacturing will have to chip in. The government is hoping to encourage businesses, both Indian and foreign to invest in manufacturing in India, which will help this sector and also generate employment in both skilled and unskilled levels.
- To focus on manufacturing is that no other sector seems to have such a huge multiplier effect on economic growth in a country, according to various studies. The manufacturing sector has larger backward linkages and hence, growth in demand in manufacturing spurs growth in other sectors as well. This generates more jobs, investments and innovation, and generally leads to a higher standard of living in an economy.

What are the initiatives taken by Make in India?

- For the first time, the sectors of railways, insurance, defence and medical devices have been opened up for more Foreign Direct Investment (FDI).
- The maximum limit in FDI in the defence sector has been raised to 49%.
- In construction and specified rail infrastructure projects, 100% FDI under the automatic route has been permitted.
- There is an Investor Facilitation Cell that assists investors from the time of their arrival in India to their departure from the country. This was created in 2014 for giving services to investors in all phases such as pre-investment phase, execution, and also after delivery services.
- The government has taken steps to improve India's 'Ease of Doing Business' rank. India climbed 23 points in the Ease of Doing Business index to 77th place in 2019, becoming the highest-ranked in South Asia in this index.
- The Shram Suvidha Portal, eBiz portal, etc. have been launched. The eBiz portal offers single-window access to eleven government services connected with starting a business in India.
- Other permits and licenses required to start a business have also been relaxed. Reforms are being undertaken in areas like property registration, payment of taxes, getting power connection, enforcing contracts, and resolving insolvency.

- Other reforms include licensing process, time-bound clearances for applications of foreign investors, automation of processes for registration with the Employees State Insurance Corporation and the Employees Provident Fund Organization, adoption of best practices by states in granting clearances, decreasing the number of documents for exports, and ensuring compliance through peer evaluation, self-certification, etc.
- The government hopes to improve physical infrastructure chiefly through the PPP mode of investment. Ports and airports have seen increased investment. Dedicated freight corridors are also being developed.

The government has launched plans to create 5 industrial corridors. They are underway. These corridors are spread across the length and breadth of India, with a strategic focus on inclusive development which will augment industrialization and urbanization in a planned manner. The corridors are:

1. Delhi-Mumbai Industrial Corridor (DMIC)
2. Amritsar-Kolkata Industrial Corridor (AKIC)
3. Bengaluru-Mumbai Economic Corridor (BMEC)
4. Chennai-Bengaluru Industrial Corridor (CBIC)
5. Vizag-Chennai Industrial Corridor (VCIC)

Schemes under Make in India

Several schemes were launched to support the Make in India programme. These schemes are discussed below:

Skill India

This mission aims to skill 10 million in India annually in various sectors. For Make in India to turn into a reality, there is a need to upskill the large human resource available. This is important considering the fact that the percentage of formally skilled workforce in India is only 2% of the population.

Startup India

The main idea behind this programme is to build an ecosystem that fosters the growth of startups, driving sustainable economic growth and creating large-scale employment.

Digital India

This aims to transform India into a knowledge-based and digitally empowered economy. To know more on [Digital India](#), click on the linked page.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

The mission envisages financial inclusion to ensure access to financial services, namely banking savings & deposit accounts, remittances, credit, insurance, pension in an affordable manner. Click the linked article to know more about [Pradhan Mantri Jan Dhan Yojana \(PMJDY\)](#).

Smart Cities

This mission aims to transform and rejuvenate Indian cities. The goal is to create 100 smart cities in India through several sub-initiatives.

AMRUT

AMRUT is the Atal Mission for Rejuvenation and Urban Transformation. It aims to build basic public amenities and make 500 cities in India more livable and inclusive.

Swachh Bharat Abhiyan

This is a mission aimed at making India more cleaner, and promoting basic sanitation and hygiene. For more information on [Swachh Bharat Mission](#), click on the linked article.

Sagarmala

This scheme aims at developing ports and promoting port-led development in the country. Read more on the [Sagarmala Project](#) in the linked article.

International Solar Alliance (ISA)

The ISA is an alliance of 121 countries, most of them being sunshine countries, which lie either completely or partly between the Tropic of Cancer and the Tropic of Capricorn. This is India's initiative aimed at promoting research and development in solar technologies, and formulating policies in that regard.

AGNII

AGNII or Accelerating Growth of New India's Innovation was launched to push the innovation ecosystem in the country by connecting people and assisting in commercialising innovations.

Aims of Make in India

There are several targets aimed by the Make in India mission. They are:

- Raise in manufacturing sector growth to 12-14% per year.
- Create 100 million additional jobs in the manufacturing sector by 2022.
- Increase in the manufacturing sector's share in the GDP to 25% by 2022.
- Creating required skill sets among the urban poor and the rural migrants to foster inclusive growth.
- A rise in the domestic value addition and technological depth in the manufacturing sector.
- Having an environmentally-sustainable growth.
- Augmenting the global competitiveness of the Indian manufacturing sector.

Make in India Progress

There have been several milestones attributed to the Make in India scheme. Some of the prominent ones are listed below:

1. The introduction of the Goods and Services Tax (GST) has eased the tax procedural system for businesses. The GST has been a fillip to the Make in India campaign.
2. Digitisation in the country has gained momentum. Taxation, company incorporation, and many other processes have been made online easing the overall process and improving efficiency. This has upped India's rank in the EoDB index.
3. The new insolvency code namely, the Insolvency and Bankruptcy Code 2016 integrated all laws and rules relating to insolvency into a single legislation. This has taken the bankruptcy code of India on par with global standards.
4. Due to schemes of financial inclusion such as the PMJDY, as of May 2019, 356 mn new bank accounts were opened.
5. FDI liberalisation has helped India's EoDB index to be favourable. Larger FDI inflows will create jobs, income and investments.
6. Infrastructure and connectivity have received major push through schemes like Bharatmala and Sagarmala, as well as various railway infrastructure development schemes.

7. BharatNet – this is a telecom infrastructure provider set up by the GOI to enhance digital network in the rural areas of the country. This is perhaps the world’s largest rural broadband project.
8. India is ranked four in the world in terms of its capacity to harness power from winds and ranked number 6 in the world in harnessing solar power. Overall, India is ranked fifth in the world in installed renewable energy capacity.

Advantages of Make in India

The Make in India campaign has had several positive developments for the country. Below are some more benefits that have been derived from this mission.

- Generating employment opportunities.
- Increasing the GDP by expanding economic growth.
- When FDI inflows become more, the rupee will be strengthened.
- Small manufacturers will get a thrust, particularly when investors from abroad invest in them.
- When countries invest in India, they will also bring with them the latest technologies in various fields.
- Due to the various initiatives taken under the Mission, India has moved up the ranks in the EoDB index.
- Setting up manufacturing centres and factories in rural areas will foster the development of these areas as well.

Challenges of Make in India

Even though the campaign has seen success in some quarters, there have been criticisms as well. There are also many challenges facing the country if she is to achieve the lofty targets set by the establishment. Some of the criticisms are laid out below.

- India has about 60% of cultivable land. The thrust on manufacturing is said to affect agriculture in a negative manner. It can even cause a permanent disruption of arable land.
- It is also believed that the rapid industrialisation (even with the thrust on “going green”) can lead to a depletion of natural resources.
- A fallout of inviting large-scale FDI is that local farmers and small entrepreneurs may not be able to face the competition from international players.

- The campaign, with all its focus on manufacturing, can cause pollution and environmental side-effects.
- There are serious lacunae in the physical infrastructure facilities in the country. For the campaign to be successful, it is necessary to build up the infrastructure available in the country and also reduce problems like corruption at the lowest levels. Here, India can take lessons from China, which has dramatically improved its share of global manufacturing from 2.6% in the 1990s to 24.9% in 2013. China rapidly developed its physical infrastructure like railways, roadways, power, airports, etc.

UPSC Questions related to Make in India

How successful is Make in India?

The Make in India campaign has seen successes and drawbacks. A major success was reported from the mobile phone manufacturing sector, which saw 120 units being set up. This led to the replacement of the import of completely built units (CBUs) by domestically assembled and manufactured units. The country saved Rs 3 lakh crore of possible outflow from 2014. The import of mobile phones is expected to come down.

What is the main aim of Make in India?

The chief aim of the campaign is to make India a global manufacturing hub.

What are the challenges of Make in India?

Some of the challenges in this mission are creating a healthy environment for business, lack of research and development, skills development and up-gradation, creating labour-intensive technology, increasing the competitiveness of goods manufactured in India, etc.