



Eight Years of Make in India

For Prelims: Make in India, Foreign Direct Investment, Ease of Doing Business, Production Linked Incentive (PLI), National Single Window System (NSWS), One-District-One-Product (ODOP)

For Mains: Significance of Make in India in Transforming Indian Economy

Why in News?

[Make in India](#) completes eight years of path-breaking reforms and annual FDI doubles to USD 83 billion in 2022.

What do we Know about the Make in-India Programme?

- **About:**
 - **Launched in 2014**, Make in India aims to **transform the country into a leading global manufacturing and investment destination**.
 - The initiative is an open invitation to potential investors and partners across the globe to participate in the growth story of 'New India'.

- Make In India has substantial accomplishments across 27 sectors. These include strategic sectors of manufacturing and services as well.
- **Objectives:**
 - To **attract foreign investment for [new industrialisation](#)** and develop the already existing industry base in India to surpass that of China.
 - Target of an **increase in manufacturing sector growth to 12-14% per annum** over the medium term.
 - To **increase the share of [manufacturing](#) sector in the country's Gross Domestic Product from 16% to 25% by 2022.**
 - To **create 100 million additional jobs by 2022.**
 - To **promote export-led growth.**
- **Outcomes:**
 - **FDI inflows:** FDI inflows in India stood at USD 45.15 billion in 2014-2015 and have since consecutively reached record FDI inflows for eight years.
 - The year 2021-22 recorded the **highest ever FDI at USD 83.6 billion.**
 - On the back of **economic reforms and [Ease of Doing Business](#) in recent years, India is on track to attract USD 100 Billion in FDI** in the current Financial Year (2022-23).
 - The import of toys in FY21-22 has reduced by 70% to USD 110 Mn (Rs. 877.8 cr.). India's export of toys registers tremendous growth of 636% in April-August 2022 over the same period in 2013
 - **Production Linked Incentive (PLI):** The **[Production Linked Incentive \(PLI\)](#)** scheme across 14 key manufacturing sectors, was launched in 2020-21 as a big boost to the Make in India initiative.

What are the Initiatives to Support Make in India Scheme?

- **National Single Window System (NSWS):**
 - The **[National Single Window System \(NSWS\)](#) has been soft-launched in September 2021 to improve the ease of doing business** by providing a single digital platform to investors for approvals and clearances.
 - This portal has **integrated multiple existing clearance systems of the various Ministries/Departments of the Government** of India and State Governments to enhance the investor experience.
- **Gati Shakti:**
 - The Government has also launched a programme for **multimodal connectivity to manufacturing zones in the country**, called the **[Prime Minister's Gatishakti programme](#)**, which will **ensure logistical efficiency in business operations through the creation of infrastructure that improves connectivity.**
- **[One-District-One-Product \(ODOP\):](#)**
 - This initiative aims at facilitating the **promotion and production of indigenous products from each district** of the country and providing a global platform to the artisans and manufacturers of handloom, handicrafts, textiles, agricultural and processed products, thereby further contributing to the socio-economic growth of various regions of the country.
- **Improving toy exports and reducing Imports:**
 - To **address the import of low-quality and hazardous toys and to enhance domestic manufacturing of toys**, several strategic interventions such as increase of **Basic Custom Duty from 20% to 60%**, implementation of Quality Control Order, mandatory sample testing of imported toys, granting more than 850 BIS licenses to domestic toy manufacturers, development of toy clusters etc. have been taken by the government.
- **Scheme for building Semiconductor Ecosystem:**
 - Recognising the importance of semiconductors in the world economy, the Government has launched a USD 10 billion incentive scheme to build a semiconductor, display, and design ecosystem in India.

What are the Issues Related to the Make in India Programme?

- **Investment from Shell Companies:** Large part of the Indian FDI is neither foreign nor direct but comes from [Mauritius-based shell companies](#) which are suspected to be investing black money from India only, which is routed via Mauritius.
- **Low Productivity:** The productivity of Indian factories is low and workers have insufficient skills.
 - **McKinsey report** states that Indian workers in the manufacturing sector are, on average, almost four and five times less productive than their counterparts in Thailand and China.
- **Small Industrial Units:** The size of the industrial units is small for attaining the desired economies of scale, investing in modern equipment and developing supply chains.
- **infrastructure:** Electricity costs are almost the same in India and China but **power outages are much higher in India.**
- **Transportation:** Average speeds in China are about 100 km per hour, while in India, they are about 60 km per hour. **Indian railways have saturated and Indian ports have been outperformed** by a lot of Asian countries.
 - The **2018 World Bank's Logistics Performance Index (LPI) ranked India 44th among 160 countries.** Singapore was ranked seventh, China 26th and Malaysia 41th. The average ship turnaround time in Singapore was less than a day and in India, it was 2.04 days.
- **Red Tapism: Bureaucratic procedures and corruption** make India less attractive for investors.

Way Forward

- The Make in India initiative has been **striving to ensure that the business ecosystem in the nation is conducive for investors** doing business in India and contributing to the growth and development of the Nation.
- This has been done through a range of reforms that have led to increased investment inflows as well as economic growth.
- With this initiative at the forefront, the businesses in India are aiming that the products that are 'Made in India' are also 'Made for the World,' adhering to global standards of quality.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. What is/are the recent policy initiative(s) of Government of India to promote the growth of manufacturing sector? (2012)

1. Setting up of National Investment and Manufacturing Zones
2. Providing the benefit of 'single window clearance'
3. Establishing the Technology Acquisition and Development Fund

Select the correct answer using the codes given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (d)

Exp:

- National Investment and Manufacturing Zone is a new concept which is an integral part of the National Manufacturing Policy, 2011. The National Manufacturing Policy is a policy tool to be applied to select zones designated for promoting manufacturing. Hence, 1 is correct.
- The 'single window clearance' has been provided, which will cut red tapism and facilitate investment and ease of doing business in the country. Hence, 2 is correct.
- The Technology Acquisition and Development Fund (TADF) was launched under the National Manufacturing Policy. TADF is a new scheme to facilitate acquisition of Clean, Green and Energy

Efficient Technologies, in the form of Technology/ Customised Products/Specialised Services/Patents/ Industrial Design available in the market in India or globally, by Micro, Small and Medium Enterprises (MSMEs). Hence, 3 is correct.

- The Scheme is conceptualised to catalyse the manufacturing growth in the MSME sector to contribute to the national focus of “Make in India”. Therefore, option (d) is the correct answer.

Mains

Q. “Success of ‘Make in India’ program depends on the success of ‘Skill India’ programme and radical labour reforms.” Discuss with logical arguments. **(2019)**

Source: PIB

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