

IT Industry as a Promoter of Growth in “Make In India”

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Abstract— “Make in India” Campaign was launched by Prime Minister Narendra Modi on 25 September 2014, with an aim to transform India into a global manufacturing hub. Information Technology (IT) is an important emerging sector of the Indian Economy and will play a vital role in Realizing India’s Dream in Make in India Campaign. The primary objective behind this initiative is to focus on job creation, skill development and innovation and to align India’s manufacturing sector into the Global Value Chain by encouraging Public Private Partnership (PPP), Joint Ventures (JV), Foreign Direct Investment (FDI) inflow, and advancing Ease in Doing Business (EDB). This scheme focuses on acceleration of economic growth to the new heights and to pull back the economy from clutches of recession. This paper covers overview of the Make in India campaign, role of IT industry, Initiatives taken by companies, growth cycles, challenges and its impact on Indian Economy. The IT sector has served as a fertile ground for the growth of a new entrepreneurial class with innovative corporate practices. Now the industry has an enormous opportunity to collaborate with the government on its vision where technology will play a vital role in acquiring India’s dream to reverse the brain drain, raising India’s brand equity and attracting foreign direct investment (FDI) leading to other associated benefits. The Size of this sector has increased at a tremendous rate of 35% per year during the last 10 years. The internet industry in India is likely to double to reach US\$ 250 billion by 2020, growing to 7.5 per cent of gross domestic product (GDP). Indian IT exports are expected to grow at 7-8 per cent in 2017-18, in addition to adding 130,000-150,000 new jobs during this period. Thus we can conclude that Make in India will bring a drastic change in the fields like automobiles, aviation, biotechnology, defense, media, thermal power, oil, gas and manufacturing sectors. The secondary data collected from journals, magazines articles, brochures, annual report etc.

Key words: Make In India, Growth, Information Technology, Economic Development, Job Creation, Skill Development, Manufacturing Hub

I. INTRODUCTION

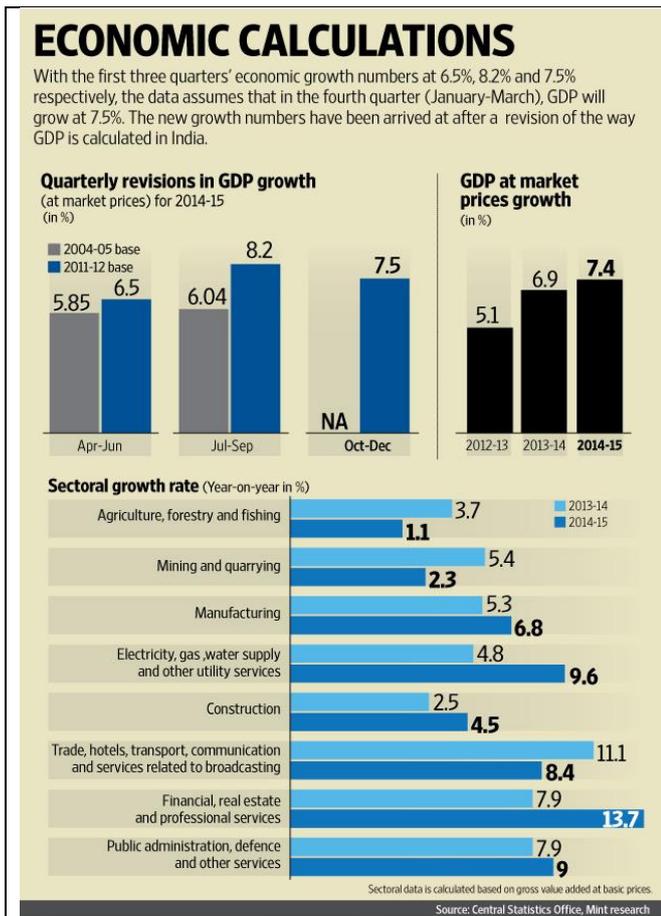
The Make in India campaign was launched and started by Prime Minister Narendra Modi in India on September 25, 2014 in a function at the Vigyan Bhavan. It is an initiative of the Government of India to encourage multinational and domestic companies to manufacture their products in India to make India a major manufacturing hub. To achieve the objectives of this campaign, India would need to undertake a structured and planned approach in review manufacturing, gain global competitive advantage and gain global leadership. In order to succeed in this campaign, it was important to be open to capital and expertise from all over the globe and

implementation of GST will make India one market and strengthen overall programme. Doing business in India today is much more difficult than elsewhere, but the government wants to change this by healing all limitations of manufacturing products in India. Several issues prompted the launch of this campaign. Firstly, India needs to reboot its economy. After several years of gross national product growth averaging 7.7%, between 2002 and 2011, this pace slowed down to around 5% in 2013 and 2014. Secondly, India needs more jobs for its young people. Recently, on an average 5 million new jobs have been created each year, but around 12 million people join the workforce each year. India’s labour force is expected to grow to 600 million by 2022[1]. These all are possible by expanding IT industry in India because it has a great impact on India’s economic growth and only then the aims of this campaign can be achieved. In the last decade, there is a tremendous growth in the area of information technology. Information technology (IT) industry has become one of the most robust industries in the world. It has increased productivity, particularly in the developed world, and therefore is a key driver of global economic growth. The IT sector has emerged as a major global source of both growth and employment. It has played a major role in placing India on the international map. It mainly comprises of instance System Integration, Software experiments, Custom Application Development and Maintenance (CADM), network services and IT Solutions. According to the analysis done by the annual report 2009-10, prepared by the Department of Information Technology (DIT), the IT-BPO industry was expected to achieve a revenue aggregate of US\$ 73.1 billion in 2009-10 as compared to US\$ 69.4 billion in 2008-09, growing at a rate of over 5 %. The report even predicts that the Indian IT-BPO revenues may reach US\$ 250 billion in 2020[2]. Therefore IT industry plays a great role in Make In India campaign by expanding economic growth in India, skill development and job creation. The government has set a target of 25% of GDP by 2022.

II. OBJECTIVES OF THE STUDY

- To study the overview of Make in India campaign.
- To study the Make in India campaign main focus areas.
- To examine the India’s IT industry.
- To analyze the relationship between Information Technology and Indian Economy.
- To study the initiatives taken by companies and various growth cycles of Make in India.
- To study the role of IT Industry as a driver of growth in Make in India scheme.

III. WHY MAKE IN INDIA CAMPAIGN IS IMPORTANT



- 1) India needs to reboot its economy. The GNP (Gross National Product) during the FY 2013 and 2014 was estimated around 5.5% which has been declined in comparison to the time period of 2002 to 2011 which was averaging around 7.7% and it was on a higher side.
- 2) The demanding factor for India is to create job opportunities for the young generation. In recent time on an average, 5 million new jobs have been created annually; on contrary near about 12 million people join the workforce every year. By 2022 it is expected that the labour workforce will grow up to 600 million. Hence employment will resolve the problem of poverty to certain extent and will shift people's mind set from agriculture, which has a low capacity to sustain their livelihood.
- 3) Third, economic development model of India is quite complex, rather than giving preference to Indian people they are offering privileges to skilled labour which were employed by foreign companies. Today, this is the reason why manufacturing sector in China makes up 34% of gross domestic product. The Chinese have positioned themselves as the 'workshop' of the world, accounting for 22.4% of global manufacturing, while India accounts for only 2%. India's manufacturing sector is less productive compared to its competitors and accounts for only 15% of its GDP. The government has set a target of 25% of GDP by 2022.

A. Make In India Campaign Main Focus Areas

The focus of Make in India programme is on creating jobs and skill enhancement in 25 sectors. The following are the major areas:

Automobiles	Export Systems	Ports and Shipping
Automobiles Components	Foods Processing	Railways
Aviation	Entertainment	Roads and Highways
Biotechnology	Leather	Renewable Energy
Chemicals	Media and Entertainment	Space
Construction	Mining	Textile and Garments
Defense Manufacturing	Oil and Gas	Thermal Power
Electric Machinery	Pharmaceuticals	Tourism and Hospitality
Wellness	Information Technology (IT)	Business Process Manufacturing (BPM)

IV. INFORMATION TECHNOLOGY (IT)

The Indian IT Industry comprises of software industry and information technology enabled services (ITES), which even includes business process outsourcing (BPO) industry. Indian IT Industry is considered as a pioneer in software development. Indian IT Industry's development and contribution to the world's information technology sector is of highest reputation. Metro Cities like Bangalore, Mumbai, Delhi, Chennai and Hyderabad have become the favorite destinations for all the big banners like HSBC, Dell, Microsoft, GE, Hewlett Packard, and several Indian multinational firms like Infosys Technologies, Wipro, and Micro land have set up their offices in these cities. India's much-vaunted Information Technology (IT) sector is composed of two parts: the software sector, and the IT-enabled sector (ITES). In the case of the ITES, the activities outsourced include call centers, medical transcription, data entry, ticket-reconciliation, claims processing, credit card administration, and such other routine office work as can be performed at remote locations. In IT, India has built up valuable brand equity over the years. In IT enabled services (ITES), India is emerging as one of the most preferred destinations for business process outsourcing (BPO). The importance of IT industry in the Indian economy can be gauged from the fact that its contribution to the national gross domestic product (GDP) has increased by seven fold in a span

of just one decade from 0.6% in 1994-95 to 4.3% in 2004-05[2]. Although industry figures are not directly comparable with GDP as they are based on revenues rather than value added, they provide an indicator of growing importance of the IT sector in the country.

V. IMPACT OF INFORMATION TECHNOLOGY ON INDIAN ECONOMY

A particular industry that has been instrumental in the growth of the Indian economy is the IT sector. The design, development, implementation or management of information systems is referred to as information technology. It describes the production, storage, manipulation and dissemination of information. IT industries account for 6% of the GDP of India and provide employment directly or indirectly for over 2.3 million people. It also contributes very significantly to India's exports: accounting for around 18% in 2001. India produces roughly 150,000 technically and socially adept engineers every year. Most of them migrate to developed countries and form an integral part of the workforce there, thus becoming India's most beloved export. In the 21st century, India has risen to the position of one of the largest IT capitals of the world. As of 2006, technologically inclined services sector in India accounted for 40% of the country's GDP and 30% of export earnings. The IT industry has helped the growth of modern India in many ways. Additionally, the growth of the IT sector is expected to bring about a corresponding growth in other sectors like employment, exports and Foreign Direct Investments.

VI. RECENT INITIATIVES TAKEN BY COMPANIES

- In January, 2015 the Spice Group would start a mobile phone manufacturing unit in Uttar Pradesh with a capital investment of 500crore. A memorandum of understanding was signed between the Spice Group and the Government of Uttar Pradesh.
- In January, 2015 HyunChil Hong the president and CEO of Samsung South West Asia under Micro Small and Medium Enterprises (MSME) 10 MSME Samsung Technical Schools will be established in India.
- In February, 2015 Hitachi committed to the initiative of increasing its employees in India from 10,000 to 13,000 and tries to increase the revenue from India i.e. from 100 billion to 210 billion.
- In February, 2015 Huawei opened a new research and development (R&D) campus in Bengaluru. Invested 170 million to establish research and development centre.
- In April, 2015 Air Bus Company will manufacture its products in India and invest 2 billion US dollars.
- In May, 2015 Tata JLR (Jaguar Land Rover) moves its production of the Land Rover Defender to its Pune facility in India.
- In 2016 Shiv Kumar Rungta president FTAPCCI stressed on key sectors like services mainly Information technology (IT), Mechanization of Agriculture sector for achieving increased productivity among others for the success of make in India.

VII. VARIOUS GROWTH CYCLES OF MAKE IN INDIA

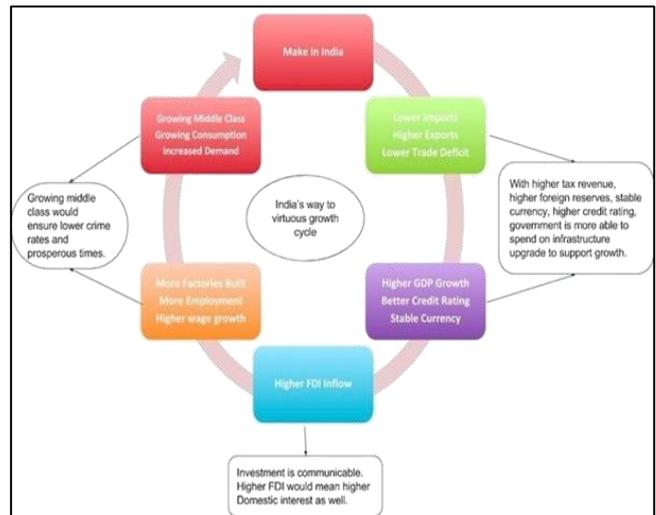


Fig. 1:

A. Foreign Investment in Indian Manufacturing

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	10.23

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

B. IT & ITES Industry in India

- IT BPM industry revenues (excluding hardware) is estimated at around US\$ 130 billion in FY 2015-16 and is estimated to be at US\$ 154 billion in FY 2016-17.
- The contribution of the IT sector to India's GDP stood at 7.7 % in 2016.
- TCS is the market leader, accounting for about 10.4% of India's total IT & ITes sector revenue in FY 2016.
- The top 5 IT firms contribute over 25 per cent to the total industry revenue, indicating the market is fairly competitive.
- The domestic revenue of the IT industry is estimated at US\$ 38 billion and export revenue is estimated at US\$ 117 billion in FY17.

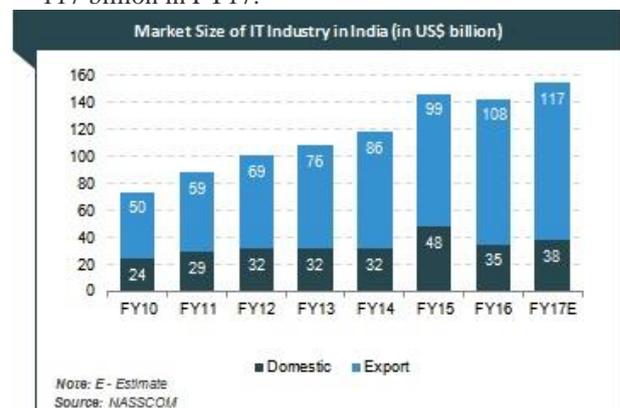


Fig. 2:

VIII. OPPORTUNITIES OF MAKE IN INDIA

- The Make in India campaign seems to have come at perfect time. Many giant foreign companies have already expressed their interest in setting up manufacturing facility in India.
- The economic impact of manufacturing in India will go beyond direct employment. It will create jobs in the services sector and allied services.
- Make in India will bring a drastic change in the fields like automobiles, aviation, biotechnology, defense, media, thermal power, oil and gas and manufacturing sector.
- Through continuous foreign investments, the progress of the Indian economy can be made sustained.
- This initiative creates great awareness about the growing technology.

IX. CONCLUSION

The Make in India campaign helps to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. And all this is possible by expanding IT sector to a great extent. India's ranking among the world's 10 largest manufacturing countries has improved by three places to sixth position in the coming years. The large investment in manufacturing will bring in more capacity creation in the country. Make in India mission is one such long term initiative which will realize the dream of transforming India into manufacturing hub. Make in India campaign also focuses on producing products with zero defects and zero effects on environment. Come Make in India, Come Manufacture in India, Sell in any country of the world but manufacture here. We have got skill, talent, discipline and determination to do something.

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