

Alka Pandita, Savita Gupta, and Ravi Kiran

EXAMINING THE EFFECTIVENESS OF THE MAKE IN INDIA INITIATIVE IN FOSTERING INNOVATION IN BUSINESS

ABSTRACT

The purpose of this research study is to understand how successful this Make in India initiative (MII) is after three years of its launch. The present paper is based on an exploratory study that has been carried out by collecting primary data to measure the viewpoint of the public. This helps the understanding of whether people consider MII as a long-term effort, therefore, to enable India emerge as a manufacturing hub. A structured equation modelling – partial least squares (SEM-PLS) model is developed related to the ease of doing business, impact of MII, policies undertaken, and performance outcomes under the MII project. The results of the study showed the parameters like impact of MII, ethical issues, and ease of doing business are related to outcomes of the project. This research study helps gain an insight into the environment in which business operates, understand what these factors represent and how these are accepted by the people in general.

Key Words: Make in India, manufacturing hub, ease of doing business, red-tape, industrial entrepreneurs, innovation,

Alka Pandita

Thapar Institute of Engineering and Technology, India

Savita Gupta

Thapar Institute of Engineering and Technology, India

Ravi Kiran

Thapar Institute of Engineering and Technology, India

Correspondence: Alka Pandita

Thapar Institute of Engineering and Technology, 147004, Patiala, Punjab, India

E-mail: apandia@thapar.edu

Tel: 91-82-88008187

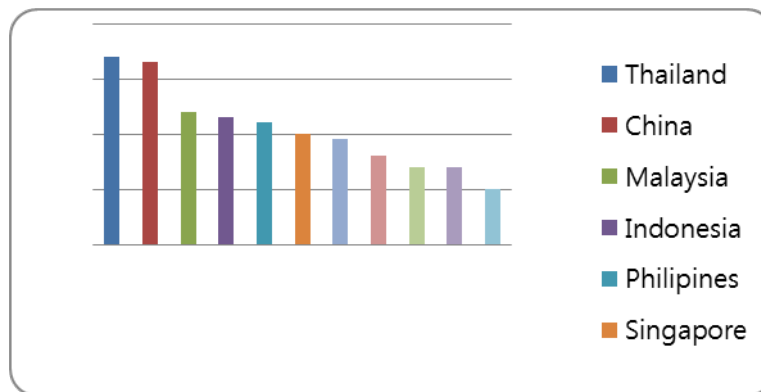
INTRODUCTION

Identifying the need of a well-developed industrial sector, India's Prime Minister Jawaharlal Nehru announced in 1951 that India had to industrialize as fast as possible. Indian policy-makers did everything they could to improve the state of the manufacturing sector, yet India could not become a manufacturing powerhouse like China. Post-independence Indian development plans emphasized manufacturing as well as service sector as a very important instrument for sustained growth.

Since Make in India initiative (MII), the government of India (*hereinafter*, GoI) has been supportive towards this growth. It set up Electronic Hardware Technology Parks (EHTPs), Special Economic Zones (SEZs) and brought about a favourable climate for Foreign Direct Investment (FDI). The government has also increased liberalization and relaxed tariffs to promote growth in the sector. The Gross Value Added (GVA) from the manufacturing sector was US\$ 350.4 billion in 2017. The sector's contribution to the country's GDP stood at 16.51% in 2016.

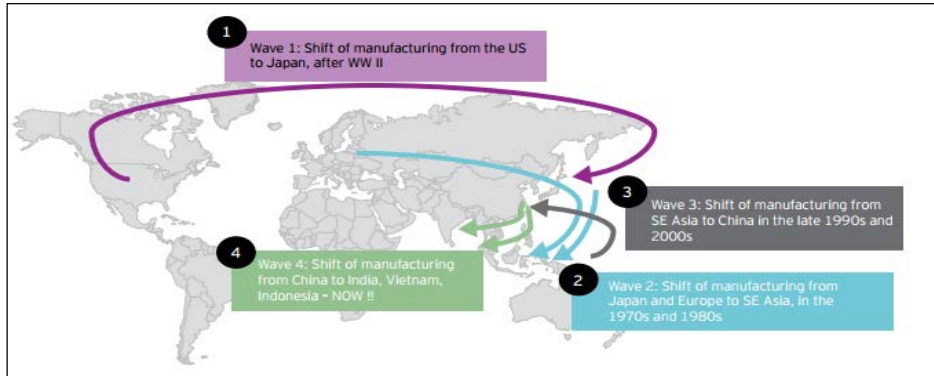
The picture of the manufacturing sector of India being very gloomy with its low records in such as productivity, exports, employment, and contribution to GDP. Contribution by the manufacturing sector to the GDP is around 15% which is quite low when compared with other rapidly developing economies of the world (refer to Figure 1) - 34% in Thailand, 32% in China, and 24% in Malaysia.

Figure 1. Share of Manufacturing Lags Advanced and Emerging Market Economies



Source: Make in India; Pressing the pedal (Yes Bank, 2015)

**Figure 2. The Manufacturing Wave:
India Poised To Become A Manufacturing Destination**



Source: ASSOCHAM INDIA (2016)

India seems to be an attractive hub for foreign investments in the manufacturing sector (refer to Figure 2). Several industries such as the mobile phone, luxury and automobile brands among others, have set up or are looking to establish their manufacturing bases in the country. With an impetus to developing industrial corridors and smart cities, the government plans on an enormous development of the nation. The corridors assist in integrating, monitoring and developing a friendly environment for the industrial development and will promote advance practices in manufacturing. India is ranked fourth in the world in terms of manufacturing capability, according to the “2013 Global Manufacturing Competitiveness Index (GMCI)” by Deloitte Touche Tohmatsu and the US Council on Competitiveness.

For any country to generate adequate employment, its manufacturing sector’s contribution to GDP has to improve at a faster rate. But this is not the case in Indian manufacturing sector because of its low contribution (i.e., 15% of GDP). Manufacturing sector in India has the potential to reach US\$ 1 trillion by 2025 and contribute approximately by 25% to India’s GDP. So, it is expected to generate approximately 90 million jobs by 2025. Currently, India has a contribution of approximately 2.2% of world’s total manufacturing output, which is at par with developed economies like UK and France.

Although India’s electronics and hardware industry is growing at a robust rate majority of the demand is met through imports (ASSOCHAM INDIA 2016). A growing reliance on imports for electronic components and rapidly increasing demand for electronic products is making it indispensable for India to grow and strengthen its electronics manufacturing

capabilities. Realizing the need, GoI is increasing its focus on this sector and aims to transform it from a predominantly consumption-driven market to the one with manufacturing capability to cater to the local and overseas demand while focusing on producing high-value add electronic products.

In this research study, the aim is to understand how successful this *MII* is after three years of its launch. Our concern has been to evaluate the effectiveness of *Make in India* project in general. The present paper is based on an exploratory study that has been carried out by collecting primary data to measure the viewpoint of public. This will enable to understand whether people consider *Make in India* mission as a long-term effort, to enable India make over into a manufacturing hub. Can it help the world's largest democracy to become the world's most powerful economy? This is one of the campaign to improve country's business environment by establishing various start-ups, bringing innovativeness in business policies and procedures.

This research is basically a framework used for analysing the people's acceptability for changed economic, socio-cultural and technological policies and practices. Our research study can be used to gain an insight into the environment in which business operates, understand what these factors represent and how these are accepted by the people in general. Analysis on *Make in India* campaign is conducted to identify the various aspects that have a bearing on the campaign.

With government's optimistic attitude towards *Make in India* program the study tries to examine will India certainly rank better than the current rankings. Various attempts have been made to improve the business environment in the country. A significant step in this way was entire transformation of the planning model of India i.e., making India a manufacturing hub through *MII*.

In order to examine the effectiveness of *Make in India* in general, this research paper is divided in three parts. In the first part we studied the earlier research. In second part we reviewed the literature to derive the hypotheses and in third part, we represented the findings from our research.

LITERATURE REVIEW

Nowadays, a major part of the *MII* depends on India's potential as a nation to foster research and innovation. Without guaranteeing and enabling innovations in India, *Make in India* cannot be a truly successful initiative. The spirit of innovation in India has been baggy in nature. The number of patents filed for new products and services by companies as well

as individuals has been very low compared to other countries; 2% of the total filed across the world, according to GE Global Innovation Barometer 2016. However, the same report also showed that business leaders from emerging economies, which includes India, are feeling more optimistic and empowered than the countries from other developed markets.

Many industry experts agree on the fact that the R&D environment of the local manufacturing industry as well as MNCs has been developing over the last 25 to 30 years and can now be said to have reached a mature stage. However, most industries do not see India as a low-cost hub for manufacturing. This brings us to the question whether India has the financial capability to support innovations. The government has taken many initiatives towards strengthening the innovation ecosystem by bringing in policies related to innovations as well as finances that are conducive. The government's viewpoint is that support for innovation will ultimately help in the development of entrepreneurship, ultimately accelerating economic growth. As renowned management consultant, Peter Drucker, once famously said, "Innovation is the specific instrument of entrepreneurship – the act that endows resources with a new capacity to create wealth." Also, by easing policies that favor foreign companies setting up manufacturing units in India and investing in R&D, the government aims at a two-fold gain – financially while also portraying India as a champion innovator country.

While the Indian economy now has the ability to cater to the needs of the youth to a much larger extent than before, the youth of today has a sense of immense national pride, and they are also more inclined towards doing right by the nation by helping it develop. *Make in India* has generated a lot of interest in the youth as well as in big known Indian names from various industries abroad. Since 2009, manufacturing sector of India is showing reverse trend with its share of GDP falling from 2.2 to 2.0 (Bhattacharya, Bruce, and Mukherjee 2014). It is undoubtedly true that, if India aspires to be a powerful nation by 2030, it needs a strong sustainable growth, which can only be achieved if India creates a strong manufacturing base (Shah 2013).

Vijayaragavan (2015) stated India's underdeveloped infrastructure is the most highly mentioned issue faced by Japanese manufacturers. The share of manufactured goods in total merchandise exports fell from 77% in 2003 to 65% in 2013 (Joumard, Sila, and Morgavi 2015). *Make in India* is a dream campaign launched by the Prime Minister of India to boost this sector, so that India can present its candidature for becoming the global leader (Chattopadhyay 2015).

Mohanty (2013) outlined India's foreign direct investment (FDI) policies and highlighted difficulties of foreign investors, challenges for recent policy developments, and the potential for foreign firms. Policy measures prefer to different ministries to work together to sort out differences for quick project clearance; improving coordination between the states and the central government for project clearance is very important. To make SEZs more attractive, suitable planning including local-level solutions for land acquisition and infrastructure connectivity to SEZs, along with sector-specific policies to attract FDI needs to be focused.

Hooda (2013) found that manufacturing in India is significantly negatively affected by tariffs, import-intensity, R&D intensity, where as it is positively impacted by market power. FDI inflows have been higher in the sectors where market imperfections give an opportunity to exploit ownership advantages of FDI, thereby making companies to increase their margins and profits. The negative relationship between tariffs and FDI shows that FDI has been mostly efficiency-seeking in nature.

Kaur (2015) incorporated Say's law that argues "supply creates its own demand." Further, the paper identified the issues related with the execution of *Make in India* project by mentioning the possible solutions for improvements. Issues like infrastructure, employability score of Indians, ease of doing business, land acquisition implications, power capacity, and Industrial security have been identified.

Mishra and Taruna (2016) researched on the role of *Make in India* as a driver for growth in different sectors by considering opportunities, challenges, and the changes needed. The paper stressed on the importance of building new skills and focusing on vocational education. Other aspects that are mentioned are the emphasis on innovative ideas and advanced technology. The paper also discussed various policy measures adopted for opening up India's manufacturing sector such as 100% FDI in defense sectors, introduction of self-certification, and development of Delhi Mumbai Industrial corridor (DMIC) sector.

Ramana (2015) adopted pure classical economics which follows the logic that an increase in demand would increase the supply of goods and services to meet that demand. The paper also covered the issue that why companies are not manufacturing in India and why Indian entrepreneurs are leaving India. When it comes to manufacturing in India, what are the major hurdles? The paper also discussed about the favourable response from abroad and some of the labor reforms initiated by the Indian governments.

Soundhariya (2016) discussed about *Make in India* initiative, its opportunities, challenges, and necessary changes. The author also provided some examples of different investors who

have shown interest in investing in India until now. The paper focused on the advantages of investing in the industrial sector.

Vijayaragavan (2015) explored the opportunities and challenges of *Make in India* for indigenous as well as foreign investors. The research highlighted the poor infrastructure, chronic deficiencies in transportation, and low business competitiveness. The need for the sound macroeconomic policies to create an environment of low inflation, low interest rate, and high growth were argued. For the revival of India's manufacturing sector, labor taxes, infrastructure and the business environment appear to be binding limitations. Instead of the big bang reforms, sustained efforts in multiple directions, collectively generating effects to relax these constraints are required. He also stressed on the importance of business friendly environment and R&D. According to the author, the need of the hour, is streamlining investment approval, facilitating land acquisition process, creating an appropriate labor development system, efficient and effective enforcement of laws, facilitating greater cross border transactions, creating clear exit guideline, rationalizing taxation regimes, and technology-enabled government systems.

Aneja (2016) attempted to review the advantages of *Make in India* concept and the areas which will benefit with this initiative. The author also discussed about some of the measures taken by the Indian governments to make it a success. The paper highlighted that the foreign investment will definitely bring technical expertise and creative skills along with the foreign capital.

According to the report by ASSOCHAM INDIA (2016), the Indian government is focusing on establishing a robust ecosystem to boost local manufacturing. GoI has treated the electronics sector as a priority under its *Make in India* program and also announced several initiatives (e.g, EDF, PMA, Skill Development, and MEIs) and incentives such as MSIPs which will act as the drivers to boost domestic supply. To turn *Make in India* into a success, there are a couple of limitations that needs to be bridged. The Indian electronic industry must strengthen its ecosystem and move towards increased domestic value addition from just being involved in last mile assembly.

Samal and Raju (2016) discussed that economic development of a country is based on its industries revolution with more production and promotion (i.e., less import and more export of product), which are mostly possible through the revolution of agriculture, industries in many sectors. Researchers analysed about the growth of economy and manufacturing sector of Indian Companies due to liberalization of economic policy of the country as well as the policy framed by the Prime Minister Mr. Narendra Damodar Das

Modi's *Make in India* initiative and Smart Cities. Research has focused on the center of FDI on manufacturing industries of India.

Kaur (2016) studied the various challenges that drag the performance of the manufacturing sector and the trend since the launch of campaign. The paper discussed that there is still lot of work to be done for providing the ease to the investors in areas like starting a business, dealing with construction permits, payment of taxes, and enforcing contracts. A business-friendly environment is a base for the growth of an economy. Therefore, the government of India is addressing the various issues that create hurdles in the way of the growth of the manufacturing sector for making *Make in India* a success.

RESEARCH OBJECTIVES AND METHODOLOGY

The review of existing studies highlights that the *Make in India* will have far reaching impact on the Indian business environment. However, when theoretical perspectives are examined, there is little empirical research on this topic. *Make in India* is very recent, and there is sparse literature empirically examining the impact of *Make in India*. As pointed out earlier, most of the research work is conceptual in nature, so this study conducted an empirical research to find out the implications of MII on business performance. Preceding studies are limited in explaining the effectiveness of the policy of *Make in India* which leads to the research questions of this paper. It is always desirable to undertake appropriate research regarding the impact whenever the government initiates new policies. The current government made an effort to make India a manufacturing hub under the Make in India Initiative, by relaxing the industrial norms. This study tries to examine the same.

Based on the review of literature the following objectives have been framed:

- O₁: To examine the factors influencing *Make in India* Project
- O₂: To observe the relation among policy, Ease of doing business and impact of *Make in India* Project and Outcomes of the project.
- O₃: To design Structural Equation Modelling _Partial Least Square (SEM-PLS) model Relating Ease of doing business and impact of *Make in India* Project and Outcomes of the project.

Data and methodology

The study is carried out to find that whether foreign direct investment (FDI) led development of industrial corridors, investment and manufacturing zones, and Smart Cities

are further strengthening investment inflows. Whether government's investment in infrastructure to foster private sector participation is efficient has also been scrutinized. This research paper also tries to examine whether *MII* along with opening investment doors is also successful in making required changes in the policies related to employment, skill development enhancement, use of technology, and protecting Intellectual Property Right (IPR) in India. So the related hypothesis is:

H1: There is a relation among policy factors and Performance Outcomes of the MII project.

Impact of *MII* on net FDI inflows is studied to understand that the diverse sectors that have been opened up for investments like defense, railways, and space and the regulatory policies that have been relaxed to facilitate investments like ease of doing business, are impacting on the overall economic growth of India. Concern is on how flexible and user-friendly is doing business in India. *MII* is a very ambitious programme of National Democratic Alliance (NDA) led Government and has the potential of reviving the manufacturing sector. While the benefits accruing from this project are tremendous, the conditions facilitating the implementation of the project are not very promising. So the related hypothesis is:

H2: There is a relation among Ease of doing business and Performance Outcomes of the MII project.

The research focuses on analysing the impact of the recent government policies, such as initiative to liberalize foreign investment limits in several sectors, broaden the validity of industrial license and implementing Goods and Services Tax (GST), new integrated licencing policy (NLIP) etc. The focus is to realize if there is visible momentum, energy, and optimism for Make in India. Is *MII* able to make India's credibility stronger than before by addressing issues like coal block allocation, gas pricing, high-quality manufacturing standards, and offering equal opportunities for domestic entrepreneurs and international players, reducing red tapism

H3: There is a relation among Make in India initiatives (MII) and Performance Outcomes of the MII project.

This paper is based on the earlier exploratory studies that had been carried out by collecting primary data to measure the reaction of the public. The information about the public perspective is collected through a questionnaire. 150 questionnaires were distributed, and 113 were received. The response rate was 75.33%.

In the research model, the “impact of MII (M)” is taken as an independent variable which includes parameter like developing India as a manufacturing hub, FDI boosting entrepreneurship, and growing economy.

One more independent variable that is used is “Ease of doing business (E)” which focuses on fastracking the defence projects, streaming the process of applying for Industrial License, extension of validity of Industrial License online portal for Industrial Entrepreneur memorandum, exclusion of major items of defence product from industrial license, deregulating dual use items by military and civilian, online processing of environmental clearance, introducing a system of self-certification for use of all non-risk, non –hazardous businesses. Two more independent variables are Policies under Make in India (P) indented to bring the change which includes policy in defense sector, 100% FDI under automatic route, FDI in defense sector and ethical issues of our manufacturers under the Make in India initiative (I).

The dependant variable under this research study is the performance outcome of Make in India (O) initiative. Further, O50 includes the constructs like vision of *minimum government and maximum governance*’ implementation of GST to increase the competitiveness of India’s manufacturing, delivering high-quality manufacturing standards, enhancing skill development, protecting intellectual property right in India, developing industrial corridors, helping in building smart cities, and enhancing high-speed communication. O60 includes issues like coal block allocation, new integrated licencing policy (NLIP), equal investment opportunities, domestic entrepreneurs, minimizing environmental, and ecological impact and reducing red tapism in government. O70 includes factors like reduction in imports, effectiveness of *Make in India* campaign and environmental objections of the government.

The responses are recorded in Excel, and PLS regression is applied on the data to extract the findings. Exploratory study has been done and Partial Least Square (PLS) regression model has been applied. PLS regression technique is especially useful in common cases where the number of descriptors (i.e., independent variables) is comparable to or greater than the number of compounds (i.e., data points) and/or when there exist other factors leading to correlations between variables. In this case, the solution of classical least squares problem does not exist or is unstable and unreliable. On the other hand, PLS

approach leads to stable, correct and highly predictive models even for correlated descriptors.

Table 1. Relation Among Dependent and Independent Variables.

Items	Ease of doing business	Ethical Issues	Initiatives	Performance	Policy	CA	Composite Reliability
I1		0.666				0.779	0.850
I2		0.654					
I3		0.780					
I4		0.805					
I5		0.735					
O50				0.911		0.800	0.882
O60				0.901			
O70				0.713			
e1	0.666					0.835	0.873
e2	0.706						
e3	0.736						
e4	0.658						
e5	0.695						
e6	0.683						
e7	0.631						
e8	0.667						
m1			0.732			0.799	0.862
m2			0.708				
m3			0.685				
m4			0.809				
m5			0.788				
p1					0.762	0.819	0.871
p2					0.723		
p3					0.835		
p4					0.748		
p5					0.717		

Note: Item descriptions are mentioned in appendix at Table A1.

Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. The reliability coefficient of 0.70 or higher is considered “acceptable” in most social science research situations.

Discriminant Validity and Average Variance Extracted (AVE) are shown in Table 2. AVE is measure to assess convergent validity. AVE is the average amount of variance in indicator variables that a construct is managed to explain. AVE for each construct can be obtained by the sum of squares of completely standardized factor loadings divided by this sum plus total of error variances for indicators. For the completely standardized solution, all indicators and latent variables are scaled to have unit variance. It helped in understanding

the Antecedents of MII Outcome in Structural Equation modelling. As all the values of AVE are greater than 0.50, thus it was right to proceed further with analysis. Discriminant validity or divergent validity tests whether concepts or measurements that are not supposed to be related are actually unrelated. Discriminant validity is depicted through Fornell-Larcker Criterion. As shown in Table 2, Discriminant validity is acceptable. Cross loadings are lower than square-root of AVE.

Table 2. Discriminant Validity and Average Variance Explained

	Ease of doing business	Ethical Issues	Initiatives	Performance	Policy	AVE
Ease of doing business	0.711					0.504
Ethical Issues	0.612	0.731				0.534
Initiatives	0.591	0.569	0.746			0.556
Performance	0.707	0.718	0.753	0.847		0.717
Policy	0.650	0.637	0.648	0.706	0.758	0.575

Variance inflation factor (VIF) quantifies the severity of multi-collinearity in an ordinary least squares regression analysis. It provides an index that measures how much the variance (i.e., the square of the estimate's standard deviation) of an estimated regression coefficient is increased because of collinearity. Outer VIF values and Inner VIF values are given in Table 3. As depicted, all of the values are lower than the threshold limit of 5. Hence VIF values are also acceptable. Thus, the next step was to proceed with SEM-PLS.

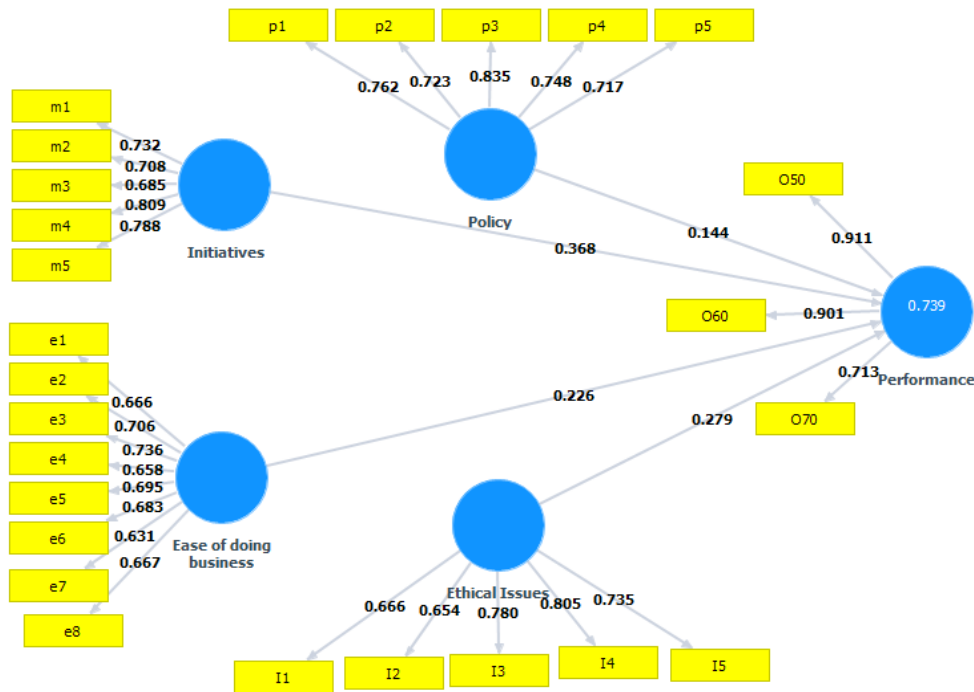
EXAMINING THE EFFECTIVENESS OF MAKE IN INDIA INITIATIVE
IN FOSTERING INNOVATION IN BUSINESS

Table 3. Variance Inflation Factor

Items	Outer VIF Values	Inner VIF	Performance
I1	1.394	Ease of doing business	2.057
I2	1.398	Ethical Issues	1.967
I3	1.744	Initiatives	1.953
I4	2.124	Performance	
I5	1.624	Policy	2.337
O50	2.514		
O60	2.395		
O70	1.356		
e1	1.526		
e2	1.716		
e3	1.942		
e4	1.428		
e5	1.695		
e6	1.634		
e7	1.470		
e8	1.661		
m1	1.496		
m2	1.464		
m3	1.374		
m4	1.839		
m5	1.770		
p1	1.609		
p2	1.593		
p3	2.033		
p4	1.708		
p5	1.342		

Note: m- 'Make in India Initiatives', p- 'Policies', e- 'Ease of doing business', I – ethical issues, and O-'outcomes'.

Figure 3. Structural Model



The structural Model (refer to Figure 3) representing the relation of various parameter taken in to consideration. As shown in Table 4, items I4: Firms communicate openly and as clearly as possible; I3: Firms if violate these ethics, get penalized; and I5: Firms willing to learn as much as possible were important in ethical issues construct. Similarly, E3: Industrial entrepreneur memorandum made online on 24X7 basis, through eBiz portal; e2: Process of applying for Industrial License dominated in Ease of doing business. In MII Initiatives, the important items include, m4: with *Make in India*, India will become a Global Stake Economy; m5: *Make in India* has led India emerging as the fastest growing economy globally; and Effect of *Make in India* initiative to increase in FDI and foster growth.

In case of policy measures, p3: 100%. FDI allowed in defence sector for modern and state of the art technology on case to case basis; and p4:100%. FDI under automatic route permitted in construction, operation and maintenance in specified rail infrastructure projects emerged as important items. Performance Outcome had 16 items which were clubbed into 3 factors, viz. O50, O60 and O70.

EXAMINING THE EFFECTIVENESS OF MAKE IN INDIA INITIATIVE
IN FOSTERING INNOVATION IN BUSINESS

Table 4. SEM-PLS Path Coefficients

Research Constructs		Factor Loadings
Ethical Issues		
I1	Is code of ethics satisfactorily maintained while starting business in India?	0.666
I2	Is it mandatory to put code of ethics certified?	0.654
I3	Firms are penalized if these ethics are violated.	0.780
I4	Firms communicate openly and as clearly as possible.	0.805
I5	Firms are willing to learn as much as possible	0.735
Ease of doing business		
e1	Fastracking of projects: Defense projects worth Rs 80,000 Crore	0.666
e2	Process of applying for Industrial License	0.706
e3	Industrial Entrepreneur Memorandum made online on 24X7 basis through eBiz portal.	0.736
e4	Validity of Industrial license extended to three years	0.658
e5	Major components of defense products list excluded from industrial licensing.	0.695
e6	Dual use items having military as well as civilian applications deregulated.	0.683
e7	Process of obtaining environmental clearances made online	0.631
e8	For all non-risk, non-hazardous businesses a system of self-certification to be introduced	0.667
<i>Make in India</i> Initiatives		
m1	<i>Make in India</i> mission is one long term initiative which will help to realize the dream of transforming India into a “manufacturing hub”.	0.732
m2	Effect of <i>Make in India</i> Initiative through the increase in FDI, would foster growth in India	0.708
m3	Making India into a Manufacturing Hub would boost Indian entrepreneurs	0.685
m4	With <i>Make in India</i> , India will become a Global Stake Economy.	0.809
m5	<i>Make in India</i> has led India to emerge as the fastest growing economy globally.	0.789
Policy Measures		
p1	Policy in defense sector liberalised and FDI cap rose from 26% to 49%.	0.762
p2	100% FDI under automatic route permitted in construction, operation and maintenance in specified rail infrastructure projects	0.723
p3	100% FDI allowed in defense sector for modern and state of the art technology on a case-by-case- basis	0.835
p4	100% FDI under automatic route permitted in construction, operation and maintenance in specified rail infrastructure projects	0.748
p5	<i>Make in India</i> a major powerhouse in electronics manufacturing performance outcome	0.717
O50	Quality and transparency in MII	0.911
O60	Strategical importance	0.901
O70	Effectiveness in MII	0.713

Table 5. Regression Results

	Perfor-mance (Beta)	Std Error	t-value	p-value
Ease of doing business	0.226	0.105	2.160	0.031*
Ethical Issues	0.279	0.074	3.754	0.000***
MII Initiatives	0.368	0.088	4.161	0.000***
Policy	0.144	0.078	1.945	0.048*
Dependent Variable		Performance Outcome		
R-Square		0.739		
AdjustedR-Square		0.729		

Note: * $p \leq .05$; *** $p \leq .01$; **** $p \leq .001$

Performance is determined by the ease of doing business, ethical Issues, MII initiatives, and policy measures. MII had higher beta value, followed by ethical issues and ease of doing business. All of these were significant as seen from t-test and p-value. Policy measures had a lower beta value, but it was significant (refer to Table 5.)

Higher the r-square, better the model is acceptable. Overall, the model is acceptable and it satisfactorily fulfils all of the parameters. The model explains 72.9% of variation. Table 6 shows that all three hypotheses have been accepted (refer to Table 5.)

Table 6. Outcome of hypotheses

Research Hypotheses	Outcome
H1: There is a relation among policy factors and performance outcome of the MII project.	Accepted
H2: There is a relation among ease of doing business and performance outcomes of the MII project.	Accepted
H3: There is a relation among <i>Make in India</i> factors and performance outcomes of the MII project	Accepted

DISCUSSIONS AND CONCLUSION

Make in India campaign has albeit until early October 2016 engrossed INR 2000 crore worth investment proposals, but still it has found its fair share of critics. *Make in India* invites business proposals from entrepreneurs all over the world and more so provides instant feedback regarding the project's feasibility, thereby reducing red-tape in a significant way.

The current government made an effort to make India a manufacturing hub under the *Make in India* initiative by relaxing the industrial norms. Reforms in intellectual property

right (IPR) regulations like relaxation of patent filing fees for small entities are needed to encourage small entities in filing IPR.

Alliance between the industry needs and R&D programs of publically-funded institutes should function on priority basis. However, manufacturing in India lack mature R&D set ups due to large CAPEX investments and long gestation period (ASSOCHAM INDIA, 2016). Regular monitoring and formal feedback systems need to be established at such institutes. Exempting industry of taxes for setting-up Centre of Excellence (CoE) in their chosen academic institution/university will definitely bring India to the economic level matching developed countries. Promoting incubators, creating clusters and R&D/technology parks in close proximity to established universities/engineering colleges for rapid development of technopreneurship and innovation (Financial Express 2015). The government should consider creating a fund to provide reimbursement to companies for providing skill gap training to their employees (ASSOCHAM INDIA 2016).

The government did not implement revised labor reforms and policy reforms which are much needed for the success of the *Make in India* campaign. There were rumors about the applicability of the project, but the present research shows *Make in India* is a major national initiative to transform India a global manufacturing hub. The government is committed to providing all possible support to promote and encourage even Micro, Small and Medium Enterprises (MSMEs). The government is introducing renewed labor reforms and policy reforms by providing a sustainable platform for accelerating productivity, better access to finance, world class marketing strategies, and international competitiveness. Thus, *Make in India* can play a key role in enhancing economic, social, and technological conditions and lead toward success.

The *Make in India* initiative intends to invite potential partners and investors around the world to come and invest in India. It characterized a complete and unmatched replacement of primitive processes and policies. MII begins with— a move from issuing control to a venture partner, in line with Prime Minister's principle of “Minimum Government, Maximum Governance.” Recent government policies include programs such as initiative to liberalize foreign investment limits in several sectors, broadening the validity of Industrial License, and implementing GST and NLIP will surely boost the production in the country.

According to the GE Global Innovation Barometer 2016, business leaders from emerging economies, including India, are feeling more optimistic and empowered than their peers in developed markets. The government's viewpoint is that support for innovation will ultimately help in development of entrepreneurship, finally accelerating economic growth.

While the local demand is largely met by the MNCs, various innovations and new product designs are emerging from start-ups. Hence there is need to boost the start-ups and entrepreneurial sector in the market (ASSOCHAM INDIA 2016).

Make in India has a major implication on business environment in India such as the following elements:

- It is conducive for large scale manufacturing because it will lead to low cost manufacturing economies and streamlined investment approvals
- It facilitates greater cross border transactions and technology enabled
- It brings economies of scale in terms of cost saving techniques and procedures
- It contributes to employment and in a way increasing the country's GDP
- It increases the revenue collection of the government
- It leads to sustained industrial growth through continuous innovation
- It improves the overall work culture of Indian industries

REFERENCES

- Aneja, P. 2016. Make in India: New paradigm for socio-economic growth in India. *PARIPEX - Indian Journal of Research* 5 (4): 295-297.
- ASSOCHAM INDIA. 2016. Turning the “Make in India” dream into a reality for the electronics and hardware industry. Available at: [http://www.ey.com/Publication/vwLUAssets/ey-make-in-india-april-2016/\\$FILE/ey-make-in-india-april-2016.pdf](http://www.ey.com/Publication/vwLUAssets/ey-make-in-india-april-2016/$FILE/ey-make-in-india-april-2016.pdf).
- Bhattacharya, A., A. Bruce, and A. Mukherjee. 2014. Make in India: Turning vision into reality. *The Boston Consulting Group-CII 13th Manufacturing Summit 2014*. Available at: <http://www.bcgindia.com/documents/file176705.pdf>.
- Chattopadhyay, A. 2015. For ‘Make in India’ to happen, Modi Govt. must move from cheap rhetoric to difficult action. *The Economic Times*. Available at: http://articles.economictimes.indiatimes.com/2015-05-15/news/62192469_1_roadinfrastructure-modi-government-india.
- Financial Express. 2015. Steps to foster innovation: Budget is an opportunity to boost R&D in the country. Available at: <http://www.financialexpress.com/industry/sme/steps-to-foster-innovation/42265/>.
- Hooda, S. K. 2013. Access to and financing of healthcare through health insurance intervention in India, *ISID-PHFI Collaborative Research Programme* No. 7973.
- Joumard, I., U. Sila, and H. Morgavi. 2015. Challenges and opportunities of India's manufacturing sector. *OECD Economics Department Working Paper* No. 1183, OECD Publishing. Available at: <http://dx.doi.org/10.1787/5js7t9q14m0q-en>.
- Kaur, M. 2015. Make in India issues. *Indian Journal of Applied Research* 5 (9): 335-336.
- Mishra, P. and D. Taruna. 2016. Role of Make in India as driver of growth in manufacturing sector. *International Journal of Applied Research* 2 (1): 591-594.
- Mohanty, N. 2013. The “Special Category State” conundrum in Odisha. *ISID Working Paper* No. 156.
- Ramana, T. V. 2015. Make in India: Illusion or possible reality project? *International Journal of Academic Research* 2 (5): 2348-7666.
- Samal, S. and V. Raju. 2016. Study of foreign direct investment on manufacturing industry in India: An emerging economic opportunity of GDP growth and challenges. *Arabian Journal of Business and Management Review* 6 (3):213
- Shah, S. 2013. Poor Indian industry performance – Is manufacturing industry to blame. *Green World Investor*. Available at:

- <http://www.greenworldinvestor.com/2013/05/31/poor-indian-industry-performanceis-manufacturing-industry-to-blame/>.
- Soundharia, S. 2016. Make in India” Scheme For Transforming India. *eSocialSciences. Working Papers* No. 11188.
- Vijayaragavan, T. 2015. Make in India and its strength to become India a manufacturing hub. *International Journal of Engineering, Business and Enterprise Applications* 13 (1): 37-39.
- Yes Bank. 2015. ‘Make in India’- Pressing the Pedal. Economics knowledge banking, Yes Bank. Assocham India. Available at:
http://www.assochem.org/userfiles/YES_BANK_-_ASSOCHAM_Knowledge_Report_-_Make_in_India_-_Presing_the_Pedal.pdf

[Website]

<http://www.makeinindia.com/policies/>

<https://modifyingindia.wordpress.com/2015/01/>

<http://sme-blog.com/2013/03/12/why-india-is-a-rising-star-among-exporting-nations/>

APPENDIX

Table A1. Description of the items

Items	Description
I1	Is code of ethics satisfactorily maintained while starting business in India?
I2	Is it mandatory to put code of ethics certified?
I3	Firms if violate these ethics, get penalised
I4	Firms communicate opening and as clearly as possible
I5	Firms willing to learn as much as possible
O50	Quality and transparency in MII
O60	Strategical importance
O70	Effectiveness in MII
e1	Fastracking of projects: Defence projects worth Rs 80,000 Crore
e2	Process of applying for Industrial License
e3	Industrial Entrepreneur Memorandum made online on 24X7 basis through eBiz portal.
e4	Validity of Industrial license extended to three years
e5	Major components of Defence products list excluded from industrial licensing.
e6	Dual use items having military as well as civilian applications deregulated.
e7	Process of obtaining environmental clearances made online
e8	For all non-risk, non-hazardous businesses a system of self-certification to be introduced
m1	“Make in India” mission is one long term initiative which will help to realize the dream of transforming India into a “manufacturing hub”.
m2	Effect of “Make in India Initiative” through increase in FDI, would foster GDP of India?
m3	Making India Manufacturing Hub would give boost to Indian entrepreneurs?
m4	With ‘Make in India’, will India become a Global Stake Economy?
m5	“Make in India” has led India emerge as the fastest growing economy globally.
p1	Policy in Defence sector liberalised and FDI cap rose from 26% to 49%.
p2	100% FDI under automatic route permitted in construction, operation and maintenance in specified Rail Infrastructure projects
p3	100% FDI allowed in Defence sector for modern and state of the art technology on case to case basis
p4	100% FDI under automatic route permitted in construction, operation and maintenance in specified Rail Infrastructure projects
p5	Make India a major powerhouse in electronics manufacturing