



## Impact of Make in India on Financial Management of Business

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*"If we have to put in use the education, the capability of the youth, we will have to go for manufacturing sector and for this Hindustan also will have to lend its full strength, but we also invite world powers. Therefore I want to appeal all the people*

*world over, from the ramparts of the Red Fort, 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. We want to give the world a favourable opportunity that come here, come, make in India..." Prime Minister Narendra Modi, 15 August, 2014*



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**ABSTRACT** :Exactly one year ago our Honorable Prime Minister Shri Narendra Modi had launched the 'Make in India' initiative with an aim to give Indian economy a global recognition. The 'Make in India' program is an initiative launched to encourage companies to increase manufacturing in India. This not only includes attracting overseas companies to set up shop in India, but also encouraging domestic companies to increase production within the country. 'Make in India' aims at increasing the GDP and tax revenues in the country, by producing products that meet high quality standards, and minimizing the impact on the environment. Fostering innovation, protecting intellectual property, and enhancing skill development are the other aims of the program according to the 'Make in India' website. The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. This paper aims to study the basic aims of the initiative and the impact it has on business and especially on financial management. It is expected that through this initiative the Indian business will achieve huge dimensions in area of financial management and can reap the benefits of cheap easily available capital and strong currency economy.

**Escape from Underdevelopment:** Is services-led growth the answer? Historically, there have been three modes of escape from under-development and poverty: geology, geography, and "jeans" (signifying low-skilled manufacturing). Since the onset of industrial revolution, the majority of countries which have transitioned from low income to high income have done so by undergoing industrialization and reducing their dependence on agriculture and natural resources. The latest examples of this trend are India's neighbors in the Indian Ocean - the "East Asian



Tigers”. Only a few smaller countries with valuable natural resources, and small populations, have gone through a period of sustained economic growth without advancing manufacturing. India, on the other hand, seemed to be charting a completely own course by pursuing a services-led growth in the past two decades. This approach has paid dividends in the short-run as India has come to be known as the back-office of the world. The share of services in the Indian economy has risen to 57% in 2013, which is comparable to India’s more developed peers in the BRIC grouping such as Brazil and Russia and also South Korea.

**INTRODUCTION :** One year ago our Honorable Prime Minister Shri Narendra Modi had launched the Make in India‘ initiative with an aim to give Indian economy a global recognition. The major objective behind the initiative is to focus on 25 sectors of the economy for job creation and skill enhancement. The initiative also aims at high quality standards and minimizing the impact on the environment. This paper aims to study the basic aims of the initiative and the impact it has on business or it would be on business management. The make in India initiative ensures that skilled manpower is available for manufacturing. The aim was to make Indian businessman free from feeling of compulsion to leave the country by making them easier to manage business. This program will make investors especially foreign investor feel at home and more secure thus making it easy for Indian businessman to raise funds, Thereby contributing to financial management and manpower management. This program shall boost all sector of economy including small sector. It will enhance rural markets making India a business hub. This will also ensure good and transparent corporate governance and high foreign investor confidence because government is supporting the FDI. The major contribution of the initiative is in the field of financial management. The foreign investments shall lead to huge reserves of foreign exchange thereby making other currencies especially dollar relatively cheap as compared to rupee. The foreign companies or foreign investors investing in India will develop huge resources and capital which is necessary for the growth and development of business in India. With experts available from all round corners of world business can make their better decisions entailing higher returns. Cheap finance shall be made available to business. Business can also manage their customer relationship by improving their processes. It also leads to better customer receivables management and better supply chain management. It leads to better skill development of human capital formation in India. It aims to create finance along with the process



of growth in almost all sectors of Indian economy leading into balanced regional development. It is necessary to create a congenial environment make businesses competitive it should be helpful in solving constraints of marketing management faced by entrepreneurs

**RESULTS AND DISCUSSIONS :** As per the various reports issued it has made a very good impact on business management and continues to do so in further. The Modi government, meanwhile, has started rolling out steps on ease of doing business. Foreign company was hopeful that under Modi's leadership, India could become one of the most competitive manufacturing hubs. Also it contributes in the field of financial management education. Henceforth management institutes endeavor must be to develop global business manager of proper knowledge attitude skill insight and foresight to meet challenges of 21st century. Indian business is experiencing a turnaround in fields of financial management. Over one year over billions crores investment have made by foreigners and some MNC working in our country as trading firm have now decided to set up their plant in India. The government has also cut down tax rates for foreign companies to give pace to the make in India initiative. The Indian businesses can easily avail cheap credit.

**CONCLUSION :** In conclusion, we have to acknowledge the fact that advancing manufacturing growth will be essential if India wants to transform itself into a high-income economy. We cannot rely on services alone to fulfill this ambition. At the same time, we will also have to focus on skilling our youth population. The 'Make in India' programme may have the potential to transform India into a manufacturing hub but if we are to achieve that potential, the government would have to move beyond rhetoric to actual implementation of the announced policies. Many governments in the past have announced lofty policies to transform India's manufacturing but few things have changed on the ground. The National Manufacturing Policy of 2012 announced ambitious goals such as increasing manufacturing's share of GDP from 16% to 25% by 2022. It also sought to increasing manufacturing growth to 12-14% per annum over the medium term. Just three years later in 2015, most experts have already referred to the goal of increasing manufacturing's share to 25% of the GDP as out of reach as manufacturing growth has stumbled in the last few years. Finally, policy makers should also heed the words of Raghuram Rajan and other critics. They should not be dogmatic about following the "jeans" model of escape from underdevelopment. Rather than blindly aping China, we should try to learn from the Chinese



example and adapt the learning to the Indian and the current global context. These are also in tune with the larger objectives of Make in India, an endeavor that will need finance in order to gather momentum. These are not incremental, but mega-reforms and will reshape the contours of India as it becomes the world's fastest-growing modern economy. The financial management of business in India is improving and will improve due to this initiative. India is slowly emerging as global financial hub. So far make in India has positive impact on financial management.

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