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"MAKE IN INDIA": AN EVALUATION OF ITS EFFECTIVENESS IN FDI INFLOWS

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Abbreviations

ARDL: Autoregression distributed lag

FDI: Foreign direct investment

FIPB: Foreign Investment Promotion Board

GDP: Gross Domestic Product

GoI: Government of India

GST: Goods and Services Tax

MENA: the Middle East and North Africa

MNCs: Multinational corporations

NPA: Non-Performing Assets

OECD: Organisation for Economic Co-operation and Development

R & D: Research and development

RBI: Reserve Bank of India

U.N.: United Nations

UNCTAD: United Nations Conference on Trade and Development

Abstract

The current study aims to assess the impact of Make in India on FDI inflows. FDI into India has been on the rise since Make in India. Globalization's influence on employment is a significant worry in the present political and economic context. The government of India has identified twenty-five priority industries for the "Make in India" campaign that would be appropriately provided for. According to the most recent economic survey, foreign direct investment (FDI) in India has increased significantly due to the "Make in India" campaign. As a result, India's investment environment has improved. The Government of India (GoI) has put together an FDI policy framework that is clear, predictable, and easy to understand to attract and encourage FDI.

To fulfil the research objectives, the study used a correlational study methodology. The data for this study came from both primary and secondary sources. Primary data was acquired from Indian firms, government officials, and professionals in questionnaires and open interviews. The study used a sample size of 30 contractors, government employees, and specialists. The factors that determine FDI inflows were explored in the study. According to the findings of this study, Make in India has had a beneficial impact on foreign direct investment in India.

Keywords: Make in India, FDI, foreign investment, GDP.

INTRODUCTION

India's early planning period, from 1951 to the present, was marked by a focus on import substitution and self-reliance. In agriculture, the green and white revolutions were remarkable successes. Changing India's globalisation policy in 1991 was a major step for the country's continued industrialisation. The statistics indicated, however, that by 2014, India had jumped directly from agriculture to the service sector rather than following the expected development path from agriculture to manufacturing and finally to the service area (Kadekodi, 2018). For a nation like India, the question of whether or not this rise is sustainable in light of the Make in India initiative has to be addressed. Countries that haven't yet developed much rely on international commerce, and any fluctuations in their exports have a significant impact on their national revenues. Economists, on the other hand, often believe that trade is less vital to developing nations than it is to rich ones (Singer, 1950)

Over 80% of India's labour force worked in agriculture before the planning era of the 1950s, making agriculture the country's most significant contributor to GDP (GoI, 2017). Moreover, the strategy, heavily influenced by self-sufficiency and dependence policies, significantly impacted food security (GoI, 2017). At its high in 2013-14, 265 million tonnes of food grain were being produced(GoI, 2017), which is predicted to reach 316 million tonnes by 2021-22(PIB Delhi, 2022).

To alleviate poverty and provide employment possibilities, it has become increasingly apparent that Indian economic development must be more inclusive (GoI, 2008). India’s demographic dividend of 65% of the population aged 15-64 (U.N., 2013) or the increasing prime prolific age of 15-24 (currently 20%) makes this evident. Second, to put it another way, the most pressing social need was for the economy to shift from mass unemployment total employment (Kannan & Raveendran, 2009). Third, the country was still heavily reliant on imports and not exports. In response to these economic lessons, the government started the "Make in India" program , a campaign to reverse the country's growth trajectory toward industrialization.

The contribution of overt and covert manufacturing and services sectors expanded at roughly 8.6 percent per year between 1990-2000; but declined to a negative of (-)1.54 percent over ensuing time. (Kathuria et al., 2011).

The recent experience of globalization was a significant factor in the inception of the Make in India program. From 2009 to 2013, the world was hit by a worldwide financial crisis, with more recent crises occurring in Greece, Brazil, Japan, & China. Major of mentioned countries rely on domestic consumption rather than commerce with other countries. At the global level, there was also a bleak growth forecast. The FDI flowed into India initially high in 2009, began dropping by many difficulties in commencing business in India (Mukherjee, 2018).

Emerging market bubbles broke in 2013, and India saw its lowest growth rate (IANS, 2013). India's dreams had been crushed a decade after the BRICS countries (Brazil and South Africa) were dubbed the "Fragile Five" (Badkar, 2013).At issue was whether or not a risk or an opportunity existed in investing in the world's most populous democracy. People in India wondered whether the country was too huge to prosper or fail. India's economy was on the verge of collapse, and it sorely needed a significant boost. When Indian Prime Minister Modi started the Make in India program last year to rebuild its national infrastructure, it was part of a broader effort. The Make in India project was created in response to a pressing need to change India into a worldwide design & manufacturing powerhouse (GoI-MHA, 2020).

In a few years, India emerged as a desirable location for international investments in manufacturing. Several high-end mobile phones, luxury, and vehicle manufacturers have established or are pursuing manufacturing facilities in the country.(Ibef, 2021). In terms of production capacity, India is placed fourth in the world following Deloitte Touche Tohmatsu's "Globally Manufactured Competitiveness Index (GMCI) 2013" and the U.S. Competitiveness Council. Mr. Narendra Modi, Indian Prime Minister, initiated the 'Make in India' campaign to include India as a global production powerhouse and identify the Indian economy as the world's favourite destination for foreign direct investment(Deloitte, 2013).

FDI is supposed to support the production sector by supporting the creation of various production units in various locations in India. In India, manufacturing might reach 1 trillion U.S. dollars by 2025 and account for almost 25% of India's GDP(Ibef, 2021).Even though FDI is known to boost the economy, research has shown that the outcomes are not always as positive as projected (Ayanwale, 2007; Alfaro et al., 2004). Even Nevertheless, some experts have started to re-examine the result of foreign direct investment (FDI) on the economy in light of today's fast economic expansion worldwide (Zeng & Zhou, 2021). Tunisia's economic development and FDI were unrelated since the country's FDI could not provide positive externalities that would boost growth.(Belloumi, 2014).

Yue et al. (2016)explained that the degree of impact of FDI on China's economic growth efficiency was positive; it varied by city and industry. Hence, it is essential to master the various impacts of FDI inflows to achieve healthy economic development (Zeng & Zhou, 2021). The Make in India program is one of the recent FDI initiatives that need to be assessed for its current impact on the local economy in India.

This study concerns the effectiveness of Make in India in terms of FDI inflow. The research questions related to this study are:

1). How effective has Make in India been regarding FDI inflow in India?
2). What effects does this FDI inflow have on the local economy?

The Make in India initiative's Influence on India's FDI influx is the primary focus of this analysis.

The research questions were answered using a correlational study methodology. The current study included both primary and secondary data. Well-designed questionnaires acquired primary data and open interviews with entrepreneurs, government staff, and professionals from India. Secondary data were acquired from yearly reports, journals, and FDI inflow statistics. The sample size for the research was twenty to thirty contractors, government personnel, and experts. The sample research field covered the whole of India. In this study, descriptive analysis was utilised. Descriptive analysis helps describe and understand a data collection by summarising the sample and data measures.

The following is a breakdown of the structure of the paper: The initial portion examines existing studies on government efforts to attract foreign direct investment (FDI). What have their effects been, and what can we learn from their results? The second section gives a brief summary of Make in India programme. The third section outlines the approach utilised to collect data for this study, and the third portion presents and analyses the resulting data. Section four closes the analysis with recommendations for necessary modifications to the current Make in India programme that generates economic benefits and a discussion of the future scope of the study.

1. LITERATURE REVIEW

Scholarly writings on FDI in developing and transition nations have been many, with an attention on the impacts of inbound FDI on the global market. These nations have been carefully studied in terms of contemporary retail, despite this (Juuse et al., 2014). There is some clue that foreign direct investment can cause macroeconomic instability and harm a country's balance of payments, according to Kregel (1996). Profits are generated when foreign currency outflow (such as stock dividends or profits home) occur or even when FDI is deployed in the manufacture of export products. Therefore, giving a clear response to the issue of "What kind of capital is better for a nation and creates fewer changes in macroeconomic-currency stability?" is highly difficult. Furthermore, it's difficult to tell the difference between inflows of short-term and long-term capital.

Hoekman et al. (2006) study how trade and FDI might boost economic growth by allowing businesses to profit from the global knowledge pool. Economic success in developing nations requires access to global markets as well as opening their own economies to trade and foreign direct investment. They have emphasised government initiatives that can help developing nations transfer and employ technology. Joint ventures and foreign direct investment appear to harm non-international firms. The phenomenon loses all importance when just foreign direct investment is considered (Hoekman et al., 2000).

FDI offers physical capital, manufacturing processes, administrative skills, commodities and services, marketing knowledge, and advertising (Thirlwall, 1999 & Zhang, 2001b). Foreign direct investment is largely believed to boost host economies (FDI). Foreign direct investment (FDI), which brings money and new products and technology, might theoretically benefit a country's economy. Moreover, endogenous growth theory suggests it may help expand the host nation's knowledge base (Elboiashi, 2011). Foreign direct investment boosts investable capital and spreads technology. The OECD's 2002:5 report does not explicitly declare that FDI may deliver long-term technological and human capital spill overs and help host economies establish a more competitive business climate to promote corporate growth.

The other theory is Buckley and Casson's internalisation (1976). According to the idea, multinational firms can benefit from overseas markets more cheaply if they internalise manufacturing processes rather than outsource them. Buckley and Casson (1976) claim that high trade costs due to risk and uncertainty in markets for intermediate products such

development and marketing techniques, managerial skills, component parts, and services. Internalisation of the flow of intermediate goods and the distribution channel, and internalisation of the flow of information from Research & Design were identified as two distinct types of internalisation. Dunning (1977, 1979) combined classical economic theory and internalisation theory to create the eclectic FDI paradigm (OLI-Framework). This approach incorporated the advantages of globalisation and the entry mode (FDI, export and licensing).

This first sub-paradigm summarises ownership of a foreign firm's specific competitive advantages (Phung 2016). Ownership benefits include trademarks, manufacturing procedures, entrepreneurship skills, and production scaling. Using technology, expertise, and management skills, foreign enterprises can operate profitably in the host country without being local. If they have a competitive edge, investing companies will use offshore manufacturing. According to the second sub-paradigm, investing in other countries gives MNCs with tangible benefits such as lower labour costs, natural resources, and favourable business legislation (location). Location advantages include low salaries, specific taxes, and so on. Firms are more likely to engage in FDI if they have a high number of immovable, natural, or man-made resources to leverage. The third sub-paradigm, internalisation, shows how foreign investment can improve intermediate product manufacturing by acquiring foreign firms. According to this sub paradigm, MNCs will invest in FDI to manufacture intermediate items if the advantages outweigh the costs of passing the rights to local firms. The Universal Model of FDI is described by Bitzenis (2003). According to Bitzenis and Szamosi, multinational firms evaluate a country's potential before investing (2009). The Universal Model says MNEs are driven by profit. Improving flaws is one of the assumptions presented in the National Model. Thus, multinational businesses (MNCs) do not restrict their interests to a single region of the world, but hunt for opportunities globally at various times. According to Demirhan and Masca (2008), the lack of a broadly accepted theoretical framework has led scientists to rely on empirical data to comprehend FDI. Faeth (2008) analysed the theoretical frameworks used to explain FDI drivers across time. According to Faeth (2008) and Demirhan al Masca (2008), FDI is a mix of intangible assets, market size and features, cost considerations, transportation costs, protection and risk factors, and policies. According to Faeth, several empirical research used this strategy when focusing on certain theories or features of FDI (2008).

FDI and its effect on Economic Growth: Theoretical Models

Linkages between FDI and growth in the exogenous-growth model

Exogenous growth uses Cobb and Douglas' aggregate production function (1928). Based on Hicks, this function models capital, labour, and technical progress (1932). This technique has shown that capital accumulation leads to economic growth. More workers and better technologies are also required. It boosts the host country's capital stock, promoting economic growth. De Jager claims FDI provides for more stable returns and exogenous job development (2004). FDI, according to Herzer et al. A new input and technology into the host country's production function can directly effect economic growth, as shown by the exogenous or neoclassical growth model. FDI, according to conventional wisdom, increases investment volume and/or efficiency in the host nation.

FDI and its effect on growth in the endogenous growth model

New growth models reveal that human capital and technological improvements drive economic growth (Romer, 1986, 1990 and 1994). They say the new endogenous growth models allow for long-term development owing to technological innovation by distributing information across the host country's economy.

All growth theories agree that innovation fosters economic expansion. It is exogenous in the first paradigm and endogenous in the second (Borensztein et al., 1998; Elboiashi, 2011). It is thought that FDI by multinational corporations harms the host country's industries and economy (Barro and Sala-I-Martin, 1995). Investing in real, human, and R&D capital will fuel this increase. Aforementioned, FDI can directly or indirectly boost economic growth. By boosting capital stock, introducing new goods and technologies, and transferring skills, FDI can stimulate the host country's economy (Elboiashi, 2011). FDI may contribute to sustainable growth and development through producing technological spill overs, developing human capital, assisting the host nation in global economic trade integration, and building infrastructure.

1.1 Theories of FDI

Many theories exist to explain foreign direct investment (FDI). There are a few FDI hypotheses that don't rely on imperfect market conditions save for the MacDougall-Kemp

hypothesis. Capital markets are imperfect in several cases. All the others take into account aspects other than only economics. Various additional theories attribute the rise of multinational corporations (MNCs) solely to emerging countries.

1. MacDougall-Kemp Hypothesis

Early hypotheses in this subject were proposed by G.D.A. MacDougall (1958) and M.C. Kemp (1959). (1964). According to this concept, capital flows freely from a country with an abundance of capital to one with a scarcity of capital, resulting in marginal productivity parity between the two nations. This model assumes that capital's marginal price and marginal productivity are similar. As a result, the welfare of society improves as a result of increased resource usage efficiency. The country earns returns on capital invested abroad equal to the marginal productivity of capital multiplied by the quantity invested abroad. Investing nations will continue to do so if they can offset the production loss caused by foreign investment with their current higher national income. Without the inflow of foreign capital, the host nation would not experience a rise in national revenue as a result of greater investment. In both nations, marginal productivity is equal, or until the benefits of investment surpass the losses of production in the native nation.

2. Location-specific Theory

Hood and Young (1979) emphasise the advantages that are unique to a particular field of expertise. As a result of this idea, firms with low-cost technologies are more likely to relocate to countries with low salaries because actual labour costs differ between countries. Certain countries also put trade restrictions on their citizens. Multinational firms make investments in developing countries in order to evade trade restrictions with other countries. The abundance and low cost of raw materials in developing countries attract multinational corporations (MNCs) to invest there. Dabur has relocated to Nepal due of the abundance of medicinal plants that can be found in the country. Location-specific advantages include advantages such as low-wage labour, abundant raw materials, and favourable conditions for the construction of a product manufacturing facility in a particular region or country.

3. Product Cycle Theory

According to Hymer, foreign investment occurs because of the "why" behind it. "Where" foreign investment occurs was explained by Hood and Young. "When" and "Where" were introduced by Raymond Vernon (1966) based on data from US company activity. The

product cycle hypothesis was developed by Raymond Vernon. When a product is at the innovation stage, it is in high demand due to its new and better quality, regardless of cost. There comes a point in the product lifecycle when consumer interest in an innovative new item decreases because the market has been saturated with comparable items. This is known as the "maturing product stage." At this point in the product lifecycle, technology no longer belongs only to the innovators. Competition has been tougher. Technical advancement breaks down product standardisation at the Denaturing step. There is one additional stage in the product's life cycle that has been identified in the literature. Known as the "denaturing" stage, this is the point in time when new technologies or customer preferences break down product standardisation. High-tech and high-income nations produce the most modern versions of the product, allowing the company to maintain a tight connection with customers' preferences and to access the infrastructure necessary for manufacturing.

The early post-Second World War growth of US enterprises outside of the United States may be explained by the product cycle hypothesis. The product life cycle, however, was not always the same as it had been in the past due to changes in the worldwide environment. His writings demonstrate that in the second stage rms were observed relocating to underdeveloped countries to take advantage of cheap labour, which is a restriction of Vernon (1979). A lessening of the knowledge gap made this feasible. A firm's decision to set up a subsidiary in a nation because of the "export danger" isn't always correct. If this is the case, then all US companies that had been exporting should have set up overseas subsidiaries (Bhagwati, 1972). The second and third stages of development have a similar contradiction in that the first is anti-trade while the latter is pro-trade. That distinguishes American companies from their Japanese counterparts is precisely this disparity. (Kojima, 1985).

4. Internalisation Approach

For their part, Buckley and Casson (1976) make the assumption of market flaws, but they argue that these defects are related to the transaction costs associated with the transfer within a business of intermediary products, such as expertise or information. It is common practise in large multinational corporations for new technology developed in one place to be freely distributed to other locations. Thus, the cost of transferring technology inside an organisation is essentially non-existent, but the cost of transferring technology to another organisation is frequently prohibitively high, placing the receiving organisation at a distinct competitive disadvantage. According to Coase (1937), multinational corporations (MNCs) use internal

pricing to offset the high transaction costs associated with trading in an external market. As a result, the choice to expand internationally is motivated by the internalisation advantage provided by the cost-free intra-firm transfer of technology or any other type of information. According to the appropriability idea developed by Magee (1979), a firm's internationalisation is motivated by the potential profits associated with technological innovation; Buckley and Casson's perspectives are similar. Internalisation offers the advantage of cost-free intra-firm transfer of technology developed by the parent unit. In the opinion of some experts, intra-firm transaction fees are not always the most cost-effective option. It is possible that transaction costs will be higher if a subsidiary is located in an unfamiliar or hostile environment. It is necessary to make large adjustments to long-standing processes in order to transfer intermediate commodities, which raises the overall cost of transactions dramatically. The authors (Kogut and Parkinson, 1993) describe the process as follows:

According to Franke, Hofstede, and Bond, cultural differences between the home and host countries may make internalisation a time-consuming and expensive endeavour (1991). In the words of Rugman (1986), it is a generic hypothesis, which means that there is no empirical evidence to support it. Testing, according to the findings of the second study, may be successful if other aspects are carefully considered. Although Buckley (1988) is sceptical, he maintains his optimism that a comprehensive and exact examination will yield positive results.

5. Eclectic Paradigm

Dunning's eclectic paradigm of foreign direct investment incorporates elements of industrial organisation theory, internalisation theory, and location theory. Assumes that a multinational corporation's present stock of foreign assets is the total of ownership advantage (O), endowments associated with specific locales (L), and the extent to which these advantages are transmitted throughout the company's various divisions and subsidiaries all come into play. (I). As far as Dunning is concerned, the O-L-I benefits vary from one country and one activity to the next, and he is well aware of this fact. The greater the prominence of the arrangement, the greater the likelihood of foreign investment. This time around, the inclusion of a "dynamized add-on" variable adds to the complexity of his proposition. In other words, this is simply a strategy shift variable that may occur on its own or as a result of another plan being implemented. The O-L-i arrangement of a resource-based investment differs from the

O-L-i arrangement of a market-driven investment, indicating that the strategy has caused the shift. In the end, the variable arrangement is what determines the course and pattern of foreign direct investment (Dunning, 1980, 1993). This results in a more diverse range of applications. Experiments conducted by Dunning himself have also yielded positive results.

6. Politico-economic theories

Politico-economic theories place a strong emphasis on the possibility of political risk. A stable political environment in a host country makes it easier for foreign companies to invest there (Fatehi-Sedah and Sazedah, 1989). In the same way, domestic political unrest encourages foreign investment, and vice versa (Tallman, 1988). Having said that, according to Schneider and Frey (1985), political drivers of foreign direct investment (FDI) are less well-established than economic drivers. A wide range of factors influence foreign investment, with politics being just one of many considerations in this regard. Foremost, the existence of an international investor in any country is a positive indicator of political stability in that country. Investment in other nations is stimulated by political upheaval in one's own country, and vice versa. The ideas provided above may be beneficial to international corporations with headquarters in developing countries, but they must be changed in order to be effective. Exporting goods and technologies from industrialised countries has been a prevalent activity in the United States for decades. As a result, after meeting local demand, businesses frequently export a portion of their output in order to capitalise on the vast market for foreign technology. Because of taxes and levies, products from other countries are more expensive than those produced in the United States. As the commodities become more established, the companies who import them begin to expand their operations in the country. Once the imported product is manufactured in the same country as the source country, it is more easily available and less expensive than if it were manufactured in another country. Rather than developing entirely new products, companies modify existing ones to better match the needs of clients in other countries, according to the World Bank.

Capital is attracted to a country by political stability, programmes, and plans, and this capital can be used to address issues such as unemployment and the introduction of new technology. Construction of the country's infrastructure will take place, allowing it to become more globally connected, which would in turn increase commerce and, maybe, reduce the country's current account surplus. As part of the "Make in India" initiative, the Indian government granted permission to foreign countries to invest in and manufacture in India. As the

centrepiece of this central government programme, Prime Minister Shri Modi unveiled it on September 25, 2014 in New Delhi. Make in India is based on China's successful 'Make in China' programme, which has resulted in a large increase in the country's gross domestic product (GDP) (Singh, 2019). The programme was launched with great enthusiasm with the goal of creating jobs, attracting international investment and technology, reducing red tape barriers, speeding up industrialization, and increasing the country's GDP. The purpose of this study is to determine whether or not the programme is successful in attracting international investment. The topic of foreign direct investment (FDI) and its consequences is covered in the next section.

FDI and Its Effects.

The Solow-Swan growth model (1956 and 1957). Exporting capital and labour is essential to improve economic output. It is commonly used in growth investigations (1928). It is built on a Hicks model that combines local and global capital and labour input through time (1932).

In this context, capital accumulation has been shown to directly affect economic growth as a percentage of national production. For economic advancement, expanding the labour force and developing technology is critical. A country's capital stock is thought to rise with FDI. FDI-supplied technology may lead to more consistent investment returns and increased labour demand. (2004) In the words of Herzer et al (2008). Barro and Sala-It Martin (1995) and Herzer et al. These models emphasise the link between capital accumulation and host nation adoption of new inputs and technology. FDI is assumed to improve investment volume and/or efficiency. To boost economic growth, new growth models focus on human capital and technical breakthroughs rather than external forces (Romer, 1986, 1990 & 1994; Lucas, 1988). Nair-Reichert & Weinhold (2001) claim that FDI can boost economic growth by encouraging knowledge dissemination, diffusion, and spill over. These two models manage change in different ways. But the exogenous and endogenous models approach technology differently. Increased access to information and creativity (Borensztein et al., 1998; de Mello, 1999; Elboiashi, 2011 and Al Nasser, 2010). The externalities of multinational firms' R&D and HR spending are mixed (growth spill overs) (Barro & Sala-I-Martin, 1995). FDI spill overs come from investments in physical, human, and R&D capital, the theory states.

FDI has direct and indirect effects on economic growth. Exogenous growth theory states that foreign direct investment may boost an economy by bringing in new commodities and technology and transferring knowledge (Elboiashi, 2011). Affluent foreign direct investment

has direct and indirect consequences on the economy. It states that new goods and technologies as well as information and skills stimulate economic progress. His career changed in 2011. Theoretical FDI-growth link In principle, FDI boosts the host country's GDP. Recognizing the role of FDI in external and endogenous development may attract additional FDI. FDI can help knowledge transfer by introducing new management practises and educating new staff. Socioeconomic factors influence FDI's growth impact. According to the literature review, FDI may help a country's economy through increasing capital inflows and developing technology. Impact is determined by things such as education and competency.

1.2 Factors Determining FDI Flows

Inflation, Exchange Rates, Openness

Exchange rates and trade openness affect FDI inflows more than interest rates. Faroh and Shen (2015) studied Sierra Leone's economy from 1985 to 2012. According to Obiamaka et al. (2012) and Omankhanlen (2013). (2011). They evaluated the impact of infrastructure and openness on FDI inflows into ASEAN over eleven years (2000-2011). Between 1985 and 2004, developing countries with fixed or intermediate exchange rates outperformed developed ones with variable exchange rates. Chong and Tan (2008) found a long-term link between currency rate and foreign direct investment in four Southeast Asian countries (FDI). Ang (2008) studied the Malaysian economy and discovered a link between FDI inflows and depreciation of the local currency. Nigeria's currency decline impacts its ability to attract foreign direct investment, according to Wafure and Nurudeen (2010). A depreciated yuan helped China compete in the Japanese FDI market, according to Xing and Wan (2006). Exchange rates play a vital impact in attracting FDI. They claim that a weak currency attracts more foreign investment by making a country's assets more cheap to international investors. The study found a strong association between the two variables using the ARDL approach using data from ASEAN nations between 1970 and 2011. The exchange rate coefficient's negative value implies a long-term relationship between currency rates and FDI. Openness to international commerce is an important factor when considering whether to invest in tradable firms. It depends on the investment kind, according to Jordaan (2004). The implementation of trade restrictions (and, thus, reduced openness) may benefit market-seeking foreign direct investment (FDI) by encouraging foreign firms to create subsidiaries in the host country. Due to the increased transaction costs involved with exporting, international corporations may opt to invest in a more open economy. A large negative association is seen in the manufacturing business, but not in the electronics industry, say Wheeler and Mody (1992). Despite Schmitz and Bieri's small positive relationship between openness and FDI, Kravis and Lipsey (1982), Culem (1988), and Edwards (1990) found considerable positive impacts. Pärletun (2008) finds that trade liberalisation has a statistically significant impact. Despite the importance of specialised markets, the Overseas Development Institute in London discovered that domestic market drivers are substantially less important in export-oriented multinational firms (UK).

Numerous studies show that open countries attract more foreign investment than closed economies. Kosekahyaoglu (2006) revealed a one-way Granger causation between FDI inflows and trade openness in Turkey, but not the other way around. Depending on the commodity, trade openness and FDI inflows appear to be complimentary or substitutive (Aydin 2010). Most research show that this partnership benefits both parties. This is true (Kamath 2008). Studies show a link between trade openness and FDI inflows.

Gross Domestic Product (GDP) and GDP Per Capita

Per capita GDP shows a country's overall economic health and the purchasing power of its citizens (Callen 2008). Their FDI potential differs, thus we must distinguish them. A big market in the host country allows resource allocation and scale economies, increasing the possibility of FDI entrance, according to Chakrabarti (2001). Pärletun and Ang assert that FDI is correlated with GDP (2008). Jordaan claims that countries with larger markets and rising buying power provide better returns on investment (2004). Schneider & Frey (1985), Tsai (1994), and Asiedu (2001) have all discovered a positive correlation between foreign direct investment and real GDP per capita (2002). International direct investment is more prevalent in nations with a higher per capita GDP (FDI). Between 1971 and 2005, FDI flows into India, Indonesia, and Pakistan were fuelled by foreign loan expansion, domestic investment development, and trade liberalisation. (2010). Kurecic and colleagues (2015) studied the link between GDP per capita and FDI in post-Soviet countries and from 1994 to 2013, a newer set of EU members was assessed. In 14 of the 20 countries examined, there was a correlation between FDI and per capita GDP.

Infrastructure

Hard infrastructure is physical infrastructure, whereas soft infrastructure is market-driven institutions and administrative systems. Affirming the importance of both physical and soft infrastructures, Bakar et al. According to Chakrabarti et al. (2013), physical infrastructure was associated with FDI inflows in India between 2002 and 2007. According to Behname (2012), urban infrastructure increased FDI in Southern Asian states between 1980 and 2009. (FDI). Soft infrastructure outperforms hard infrastructure in attracting FDI, according to Fung et al. (2005). Between 1981 and 2005, Seetanah (2009) examined the link between FDI and physical infrastructure in Mauritius. Industrial investors reportedly appreciate physical infrastructure more than service investors. Governance infrastructure, according to Hakro and Omezzine (2011), influences FDI flows to the Middle East and North Africa. A favourable

association was established between infrastructure, market size, and currency rate from 1975 to 2008.

Also, infrastructure and currency rate correlated. According to Asiedu, between 1988 and 1997, FDI in 70 developing nations, including 35 in Sub-Saharan Africa, was driven by infrastructural and economic openness. Infrastructure and economic openness drove FDI in 70 developing countries, 35 of them in Africa (2002) Better infrastructure to attract FDI (such as energy supply, transportation and communication upgrades, and institutional frameworks that allow for flexibility). Babatunde noted that infrastructure, trade openness, and GDP per capita drove FDI into Sub-Saharan Africa (2011). From 1982 to 1988, Wheeler and Mody claim that infrastructure quality affected spending in forty two emerging markets. (1992).

Other Factors Related to an Economy

A blend of policy and non-policy features supports FDI, say Fedderke and Romm (2006). All of these factors stimulate FDI inflows. Nothing explains the destination country's market size. Recent study demonstrates that host nation corporate taxes considerably restrict FDI flows. They contend that corporation taxes have no impact on FDI (FDI). Sekkat and Veganzones-Varoudakis found that the host economy's business climate affects foreign direct investment (2007). Studies show trade liberalisation and currency volatility impact FDI (FDI). Siddiqui and Aumeboonsuke (2014) found that five Asian countries need political stability to attract FDI. Investor protection is a government priority. Anyanwu's research shows that many investors avoid Africa due to political and religious turmoil (2006, 2011).
Bhatia & Agrawal, (2018) Claims to have been successful in presenting India as a worldwide manufacturing centre, not just via slogans and advertising, but also by the incremental initiatives done by the government in every field of the economy. Small steps, such as decreasing export requirements and establishing up an Investor Facilitation Cell, be the key drivers driving this effort and are at its heart.. While the campaign has immense potential for India's future, it must also be pushed with similar vigour in the near future.

Sahoo, (2018) The steps implemented by the government are aimed at opening new sectors to foreign direct investment, increasing the sectoral limit of current sectors and simplifying other requirements of the FDI policy. Making it easier to conduct business and boosting international investors in the nation are the goals of FDI policy changes. Make In India and

FDI, taken together, sent a strong message to potential investors throughout the globe. It's a major overhaul of procedures and guidelines. With the advent of Make in India, the Indian Government has shifted from being an issuing authority to a business partner.

Aneja, (2016)Made in India is a big endeavour but is essential to kickstarting and sustaining prosperity in India. It is conceivable to turn India become the industrial powerhouse of the globe if the country's policymakers are persistent in their pursuit of this goal. He stated that the notion of Make in India would raise up the Indian economy and assist in understanding the major concerns of poverty, unemployment, widespread poverty, and government burden.

Dasgupta & Singh, (2005) new phenomena, such as the rise of 'de-industrialization' and the increase of the informal sector, have prompted a review of the role of industries and construction in economic development. In spite of focusing on the Indian industry, the findings have far-reaching consequences for macroeconomic policy and growth for structural change theories.

Chandana, (2008)Applied Granger causality tests on industry-specific FDI and output data in a panel co-integration framework to examine the hypothesis. Foreign direct investment (FDI) seems to have a broad range of consequences on the economy. In the manufacturing sector, FDI stocks and productivity were mutually reinforcing, but no causal link could be shown in the primary sector. The most surprising finding was that FDI only had a temporary impact on production in the service sector. Cross-sector spill overs from FDI in the services sector, on the other hand, seem to have boosted development in the manufacturing sector.

Lall & Narula (2004) a 'learning system' viewpoint was used to examine the function of multinational corporations (MNEs) in industrial progress. In a post-WTO liberalising environment, they also looked at the policy instruments available for exploiting FDI for economic growth and the restrictions to doing so. Many "soft" policy approaches have emerged to address the challenges of globalisation, even if this discussion was still in its infancy.

Alfaro et al., (2004)FDI, financial markets, or economic development are all intertwined in interesting ways. They wanted to see whether nations with more developed financial systems could get the most out of FDI. According to their findings, FDI has a mixed effect on economic growth. FDI, on the other hand, has a substantial impact on nations with established financial markets. Different measurements of liberalisation, including other

factors influencing economic growth and taking endogeneity into account, did not affect the findings.

According to Kalecki, foreign direct investments may have hidden goals such as the desire to dominate the receiving country's energy, mineral, and raw material supplies. Another common justification advanced by proponents of direct foreign investment is that it provides the required know-how to emerging countries. The truth is undeniable, not to mention the free or low-cost technical help offered when entire plant equipment is imported on a pay-as-you-go basis. In addition, foreign-owned firms shift substantial tax-free earnings overseas underpayments for know-how and patents. Debt payment on amortization and interest accounts, according to Domar, approaches and surpasses the yearly amount of a continual gross outflow of fresh capital within a shockingly short time due to compound interest's unique workings. For American capital export to maintain employment for any time, an outward gross flow of capital would need to expand at an increasing pace each year, ultimately reaching phenomenal heights. It is simply unsustainable to rely on foreign investments to maintain a surplus over time (Kalecki, 1955).

2. Philosophy Of Make in India

Fedderke and Romm (2006) have identified both policy and non-policy factors as important drivers of cross-border foreign direct investment. It takes a variety of elements, including government control of the product and labour markets, as well as tax policy that maintains rates low for firms while still allowing for free movement of commodities and services, to attract foreign direct investment. It is possible that these policy considerations alone do not account for the size of the market in the destination country. Studies based on panel data from a variety of multinational institutions, such as the studies by Karkinsky and Riedel (2012) and Becker et al. (2012), reveal that, in recent years, the host country's corporate taxes have had a significant negative influence on foreign direct investment (FDI). According to Jones and Temouri (2016), corporate taxes had no substantial impact on the amount of foreign direct investment (FDI). According to a study conducted by Sekkat and Veganzones-Varoudakis, foreign direct investment is influenced by a variety of factors, including the host economy's business climate, which includes factors such as infrastructure, skilled labour, and trade restrictions (2007). According to the study, characteristics such as trade liberalisation and currency volatility had an impact on foreign direct investment (FDI). In their research, Siddiqui and Aumeboonsuke discovered that political stability was a significant factor of the flow of foreign direct investment (FDI) into five Asian nations under consideration (2014). The influx of foreign direct investment is aided by a low level of political risk, which demonstrates the government's commitment to protecting investors. According to Anyanwu's research, many investors are wary of investing in Africa because of a lack of transparency in its governments and policies, religious and ethnic turmoil, and violence, among other factors (2006, 2011). Balaji and colleagues (2019).

It is necessary to explain and improve some aspects of the "Make in India" initiative in order to get better long-term results. Here are some examples: These opinions and viewpoints have been stated by a number of individuals and organisations, which are listed in the following section. Balaji and colleagues (2019).

Indian authorities have given the country the mandate to produce for its own requirements rather than relying on imports due to a lack of increase in foreign demand during the next five years. This should be related to the establishment of sustainable unified markets, lower

transaction costs for selling and purchasing, and infrastructure development for improved supply chain management from the producer to the consumer, among other things.

The Goods and Services Tax Bill (GST) should be carefully planned and administered in order to promote a more prosperous economy. Achieving this would ensure that the anticipated and essential growth occurs.

To put it another way, to "make for India," one must create things that are expressly intended for sale in India. Because of the scale of India's consumer market, the concept of "Made for India" has the potential to change the game completely. While this allows us to make progress regardless of global economic situations, it also allows us to better understand India's unique needs, such as the country's high levels of poverty. In India, a symbiotic production-consumption cycle serves as the foundation for this endeavour (Balaji et al., 2019).

FDI And Make In India

The 1991 economic liberalisation and reform process made it possible for foreign direct investment (FDI) to come into India with relative ease. There are two routes via which foreign direct investment (FDI) can enter India. For private foreign investors, there are two investment options: an automatic route that does not require government approval and a government-approved route that does require government approval. The Government of India revised its Foreign Direct Investment (FDI) Policy in 2014-15, making it a more appealing policy for foreign investors. The automatic method provides for 100 percent foreign direct investment in the majority of locations. The government is continually updating its foreign direct investment (FDI) policy with a view toward liberalisation and making doing business easier (Biglaiser & DeRouen, 2006).

Foreign direct investment (FDI) inflows into India have increased by 32% to $64.8 billion since the Make in India campaign was launched in September 2014. This compares to an 18% increase in the 15 months prior to the campaign's inception. In addition to telecommunications and computer hardware and software development, other industries seeking foreign investment include construction and automobiles. A significant increase in foreign direct investment (FDI) into India has been attributed to the growth of the Make in India industry, which has helped India climb the Economic Opportunity Database ranks from 142nd in 2014 to 77th in 2018. (Govindan,2019).

With the introduction of the Make in India 2.0 project this year, the Indian government hopes to expand manufacturing and generate jobs by investing in a total of ten new industries. The Indian government is putting in significant effort in order to be included on the World Bank's list of the world's most business-friendly countries. When combined with the industrial sector, India's pool of highly trained and educated individuals may be the key to increasing production capacity and elevating the country to the level of an economic superpower. (Govindan,2019).

3. METHODOLOGY

3.1 Research Design

A preliminary investigation is being conducted using information obtained from primary and secondary sources and data and statistics gathered. As a result, in addition to attempting to quantify the benefits of Make in India and FDI, a qualitative approach is employed. The main survey and secondary data analysis used in this study are both valid. Using secondary data, researchers investigated the impact of India's Make in India strategy on the country's ability to attract foreign direct investment (FDI). In the following stages, a primary survey interview was done in several sectors, and in-depth personal interviews based on semi-structured questions were undertaken with important stakeholders. The questionnaire contained a large number of objective questions that were graded on a Likert scale, the answers to which were utilised to test hypotheses.

3.2 Data Collection

Thirty contractors, entrepreneurs, government employees and professionals, as well as specialists working in the manufacturing and foreign direct investment (FDI) sectors, were interviewed for the primary survey. The questionnaires were divided into three groups based on their content. There are three parts to this report. The first part discusses the candidates' demographic profile, the second part discusses Make in India and foreign direct investment, and the last portion discusses foreign direct investment and the local economy. From December 2021 to March 2022, information on the thirty applicants was gathered and analysed. The sample research area encompassed the entirety of the country of India. Aside from that, the survey sought to gather information on the direct and indirect economic consequences of foreign direct investment, such as employment statistics, research and development (R&D), best practises, and skill upgrading, as well as examining the impact of the Make in India initiative on FDI influx.

Research papers published in academic journals as well as information gathered from various sources such as the Ministry of Trade and Commerce, World Trade Organization (WTO) reports and other World Bank reports as well as various professional institutes' reports and bare facts and reference books on corporate law are all used to compile this information. The

information is also available on the internet. Aside from that, the state and federal governments maintain a network of trade and commerce-related websites and organisations in India and around the world.

3.3 Study Period

The secondary data collection period spans twelve years, from fiscal years 2009-10 through fiscal years 2020-21. The Make in India campaign was launched near the close of fiscal year 2014-15. The study period was chosen since it has been six years since the event of interest, i.e. Make in India, and we have included six previous years in order to have an equal number of years around our event of interest, which is the Make in India initiative.

3.4 Data Analysis

Statistics methodologies such as frequencies and percentage analysis, as well as inferential statistical procedures, are used in this study to analyse and assess data (tables and charts).

4. Survey Analysis

4.1 Demographic Profile

The study volunteers were divided into two groups based on their gender. On the basis of the 30 study subjects, it is noted that 25 (83.3 percent) are males and 5 (16.7 percent) are girls (see figure). According to the data, there is a preponderance of male subjects in the current study population. Simply expressed, the respondents to the survey conducted to determine the efficiency of the 'Make in India' initiative in attracting foreign direct investment (FDI) are nearly all male.

The study subjects were divided into groups based on their age. Observations are made that, out of 30 study subjects, nine (30.0 percent) responders are under the age of twenty-one, seven (23.3 percent) responders are between the ages of twenty and thirty, four (13.3 percent) responders are between the ages of thirty and forty, and four (13.3 percent) respondents are over the age of fifty. According to the statistics, the bulk of subjects are under the age of 20 years, with 23.3 percent of subjects in the age range of 20-30 years. Simply said, the study subjects who were recruited to investigate the efficiency of 'Make in India' in terms of FDI inflows are on the younger side of the age spectrum (below 30).

The educational qualifications of the subjects of the research. In total, there are 30 study subjects, with 12 (40.0 percent) being 10th pass, 8 (26.7 percent) being 12th pass, 2 (6.7 percent) being Graduate, and 8 (26.7 percent) being Post-Graduate students. Results showed that the bulk of the study subjects included in this study (40.0 percent) were 10th pass students, which is consistent with the findings of the study. As a result, it can be stated that the majority of the study sample does not have a very high level of education, indicating that the sample is a good representative of the general population.

The distribution of the study subjects according to industry. It is observed that there are 30 respondents, with seven (23.3 percent) coming from the automobile sector, five (16.7 percent) from chemicals, four (13.3 percent) from construction, three (10.0 percent) from information technology and business process management, five (16.7 percent) from oil and gas, three (10.0 percent) from pharmaceuticals, and three (10.0 percent) from textiles and

garments. This indicates that the sample is evenly spread throughout a variety of industries, according to the findings.

The occupational descriptions of the subjects of the study. 30 people responded, with 10 (33.3 percent) being contractors, 8 (26.7 percent) being government officials, 3 (10.0 percent) being professionals employed by private companies, 6 (20.0 percent) being entrepreneurs, and 3 (10.0 percent) being subject matter experts. According to the findings, the vast majority of responders (33.3 percent) are contractors, followed by 26.7 percent who are government representatives. As a result, it can be concluded that the vast majority of the sample consists of experts who are familiar with the real processes on a practical level. The demographic and general information provided by the survey respondents highlighted the wide range of study subjects from a variety of industries and job profiles. Following the findings, it was concluded that the sampling sample had potential and might be beneficial in measuring the performance of Make in India in attracting foreign direct investment.

4.2 Make in India and FDI Inflow

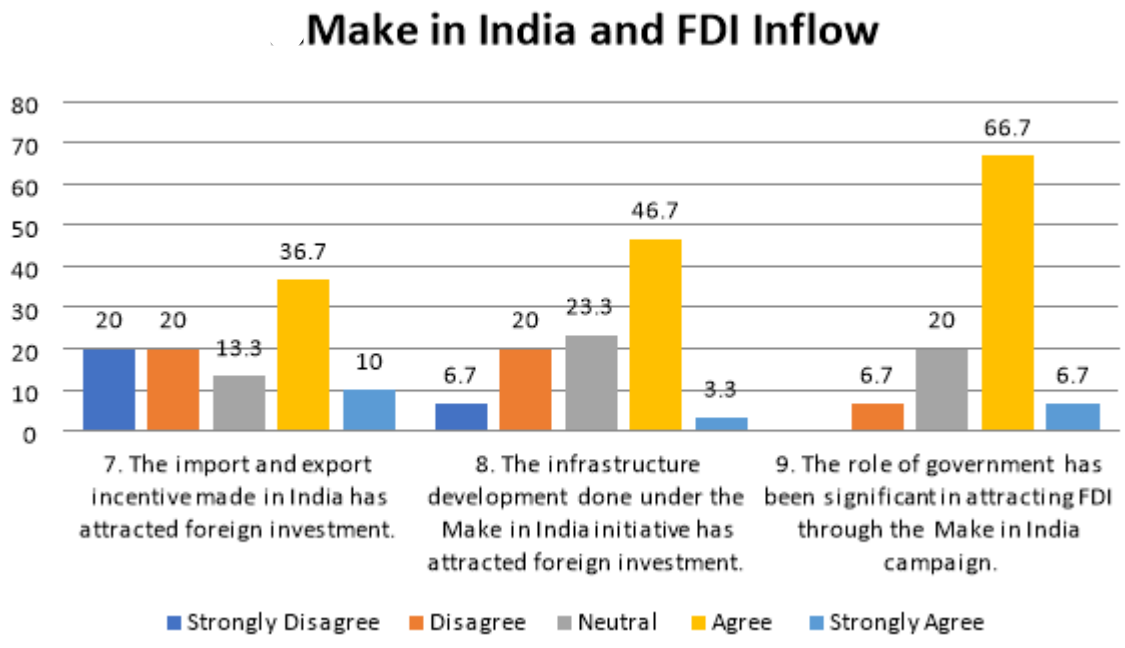


Figure 1: Make in India and FDI inflow

The responses of survey participants to the statements examining the relationship between Make in India and foreign direct investment (FDI) are depicted in the graph above.

According to the graph above, the vast majority of respondents (36.7 percent) believe that the import and export incentive programme implemented in India has attracted foreign investment. Out of 30 study participants, the vast majority (46.7 percent) of the sample agreed that infrastructure improvements undertaken as part of the Make in India initiative had resulted in increased foreign investment. In addition, according to the findings of the current study, the vast majority of respondents (66.7 percent) believe that the government has played a substantial role in recruiting foreign direct investment (FDI) through the Make in India program. Interestingly, the data indicate that the vast majority of research participants agreed with the comments indicating that Make in India and FDI inflows are intertwined.

As a result, it may be concluded that respondents are unsure about India's ability to attract foreign investment through its import and export incentives, which are both key factors in attracting international investment. The infrastructure development carried out under the Make in India project, however, has attracted international investment, according to the government. The belief is even stronger in the case of the government, which has played a big role in luring foreign direct investment (FDI) through the Make in India initiative.

After the Make in India program, the survey respondents cited a number of factors as contributing to India's continued success in attracting foreign direct investment. These factors included stable governments and economies, strong domestic demand, economic reform, a young and inexpensive labor force, and a large and growing middle class.

"FDI investments in India are increasing because of several factors, including a stable government, sound economic development, strong domestic demand, economic reforms, and a youthful labour population."

"Cheap labour costs mainly drive FDI into the nation."

"India's rapidly expanding and affluent middle class is a significant draw for multinational corporations concerned about the market saturation in industrialized nations."

When it comes to countries that are interested in India, the United States, Japan, and the United Arab Emirates appear to be particularly interested in investing in the country and placing large bets on the country's future growth. Indian consumers have a strong tendency to be loyal to American companies. Businesses in the United States are seeking to build a new manufacturing base in India in order to compete with China in the long run. Japan, on the other hand, has had a long-standing diplomatic connection with India since the 1950s.

Among the areas where India is appealing for Japanese assistance are infrastructure development, energy production, and manufacturing. As a result of its foundation in 2017, the India-Japan Collaboration Act East Forum has been a driving force behind the expansion of India-Japan collaboration since its inception. The United Arab Emirates intends to rely on India for its food supply and to invest in the country's agricultural sector, according to the country's official website. As a result, the UAE wants to increase its imports of Indian food grains and horticultural products.

"Thanks to the widespread use of American products in India, if you're looking for anything online, you're more likely to find it in an American company."

"As a counterbalance to China's dominance, American businesses consider investing in India."

"Japanese firms were among the first to set up shop in India, dominating the automotive and electronics industries."

"The two nations enjoy tight ties as India seeks Japanese expertise in infrastructure, energy, and industry."

"An essential driving factor behind the advancement of Indo-Japanese cooperation is the India-Japan Cooperation East Forum, which was created in 2017."

"Investing in India's agricultural industry is a priority for the United Arab Emirates (UAE)."

"India's food grains and horticultural goods would increase imports from the United Arab Emirates (UAE)."

Speaking of key sectors, as a result of the Make in India push, the service, automobile, and telecommunications industries have all seen large increases in foreign direct investment in the last few years. Foreign direct investment (FDI) in the service sector has always been and will continue to be the most popular sort of investment in this industry (FDI). Because of the expanding middle class and the younger population, two-wheelers are the most popular form of vehicle in the automobile industry. Aside from that, businesses are expanding into rural areas, which is contributing to the expansion of the industry as a whole. Affordability, increased availability, the introduction of Mobile Number Portability (MNP), expanding 4G coverage, changing consumption habits of customers, and a supportive regulatory environment all contribute to exponential growth in the telecommunications business.

"The services sector continues to garner the majority of foreign direct investment (FDI)."

"Due to an expanding middle class and a youthful population, the two-wheeler sector now holds most of the market share."

"Even more importantly, the increased interest of firms in exploring rural areas has bolstered the sector's expansion."

"Low-cost plans, enhanced accessibility, Mobile Number Portability (MNP), the rapid expansion of 3G and 4G coverage, and a favourable regulatory environment have led to the industry's exponential development in recent years."

4.3 Make in India FDI Inflow and Local Economy

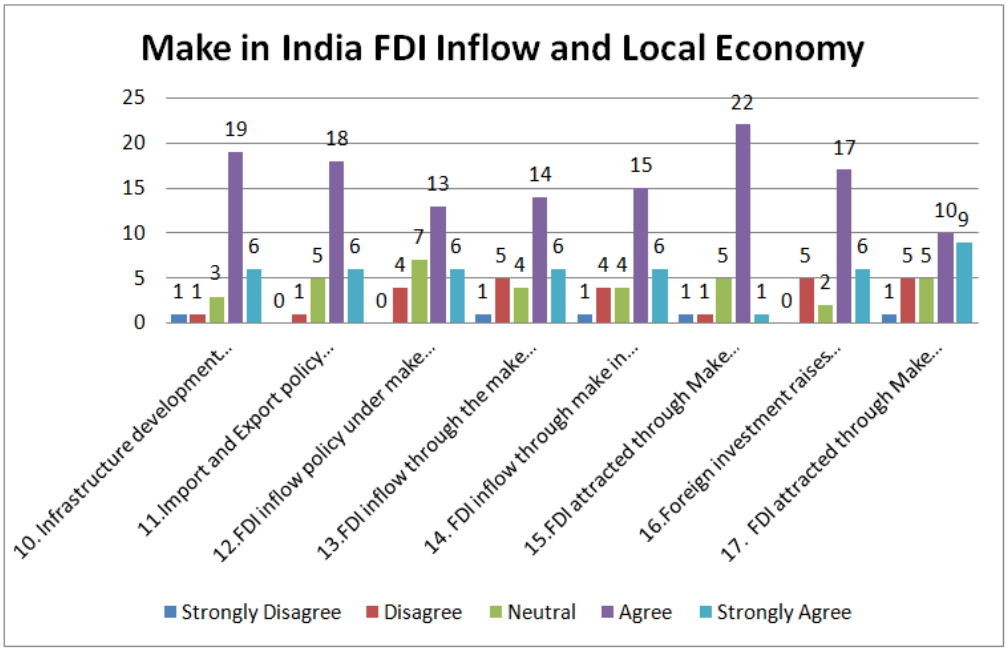


Figure 2

Respondents to the statements examining the variables affecting the local economy were asked to fill out the graph above, which depicts their responses. Out of 30 study subjects who answered a survey question on infrastructure development, it can be seen that the vast majority (63.3 percent) believe that infrastructure development under the Make in India initiative has a significant impact on increasing the competitive advantage of the Indian economy. Furthermore, according to the findings of the current survey, the vast majority (60 percent) of the study subjects believe that the import and export policies implemented under

the Make in India initiative have a substantial impact on contributing to the development of the Indian economy

According to the accompanying graph, the vast majority of respondents (73.3 percent) believe that foreign direct investment (FDI) obtained through the Make in India programmed has resulted in the creation of well-paying jobs in India. The study also discovered that the vast majority of the study subjects, 56.7 percent, believe that foreign investment improves total local average earnings significantly more than domestic investment, according to the findings.

According to the findings, the majority of the survey subjects answered affirmatively to the statements pertaining to the variables affecting the local economy when asked about them. As a result, it can be concluded that respondents believe that infrastructure development, import-export policy, and foreign direct investment (FDI) inflow policies implemented under the Make in India initiative have had a substantial beneficial impact on the Indian economy. They also feel that foreign direct investment (FDI) inflows through the Make in India incentive have helped to the growth of the Indian economy, expanded employment, particularly by attracting high-quality jobs, enhanced overall local average earnings, and boosted the start-up ecosystem.

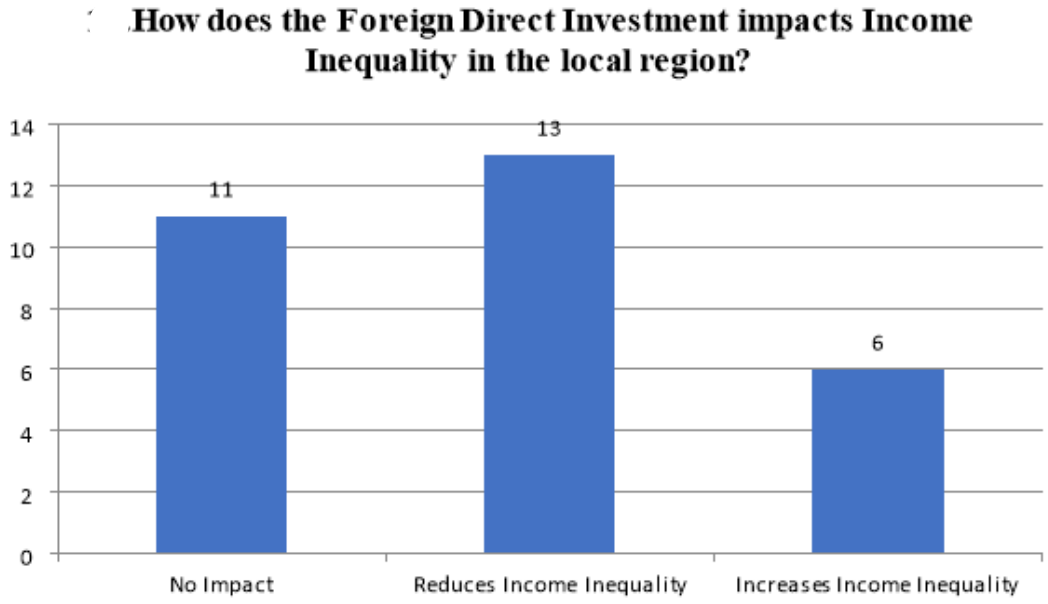


Figure 3

The replies of survey participants to the question "How does foreign direct investment effect income disparity in the local region" are depicted in the graph above. The graph above shows that there are 30 respondents, with 11 (36.7 percent) stating that foreign direct investment has

no impact on income inequality, 13 (43.3 percent) stating that foreign direct investment reduces income inequality, and 6 (20.0 percent) stating that foreign direct investment causes an increase in income inequality. As a result, the majority of respondents either have a favorable attitude on foreign direct investment (FDI) or are indifferent to it in terms of reducing income inequality. In accordance with the findings, foreign direct investment has a positive impact on income inequality in the local region.

According to many who spoke with us, India's net inflow situation in relation to its net outflow appears to be alarming, especially given the fact that foreign direct investment (FDI) has been dropping steadily for the past five years. Aside from that, the OPEC+ agreement has had a particularly negative impact on Indian mutual funds and stock markets. A total of US$ 27.5 billion in net foreign direct investment entered the United States during the first seven months of 2020-21 and 2019-20, indicating a 14.8% increase over the same period the previous year. *"Over the last five years, FDI has gradually decreased."*

"It was more of an impact on the equity side of things for investors in the oil-exporting countries of Brazil and India than it was for investors in China and other oil-exporting countries like Mexico and Saudi Arabia."

"A 14.8% rise over the first seven months of 2019-20 in net FDI inflows has in the first seven months of 2020-21, India was affirmed as a favoured investment location for global investors."

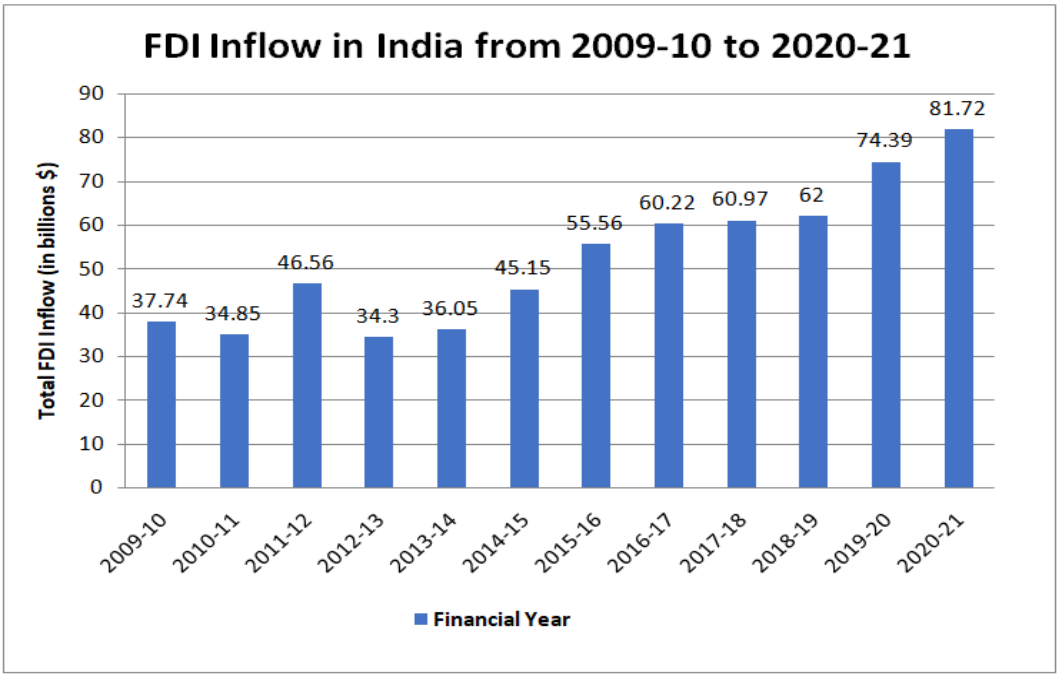
As a result, certain adjustments may be made in order to stimulate greater foreign direct investment. To improve the efficiency of the Indian banking system and lower the interest rate discrepancy between the public and private sectors, public sector banks should be reorganised and recapitalized, to name a few examples. Additionally, enhancing the clarity of legislation, as well as devising systems for preventing and resolving controversies, are important priority for the federal government to achieve its objectives. It is also a high priority for the Indian government to complete changes in the electrical industry, which would make the sector more appealing to both international and domestic enterprises.

"Increase the efficiency of the Indian banking system and minimize the difference between deposit rates and lending rates through restructuring and recapitalizing public sector banks in the country."

"We must put our efforts into making laws more definite and developing better ways to keep disagreements at bay."

"Voting in favour of and enacting the Electricity (Amendment) Bill should be the primary focus of the Indian government's efforts to increase industrial competitiveness and strengthen government finances and encourage international and private investments in the Indian power sector."

FDI Inflow in India from 2009-10 to 2020-21



Source: DPIIT, 2020; PTI, 2019; MCI, 2021

According to the following graph, foreign direct investment (FDI) inflows into India totalled 37.74 billion dollars in the fiscal year 2009-10. From 2014-15 to 2015-16, foreign direct investment (FDI) increased by 45.15 billion dollars, with an increase noted in every financial year after that. Between fiscal years 2014-15 and 2015-16, a considerable increase in foreign direct investment (FDI) inflows into India (to the tune of $10.41 billion) was recorded.

Based on the above graph, we can conclude that the overall foreign direct investment (FDI) inflow increased following the commencement of the Make in India programme in fiscal year 2014-15. The impact of the Make in India initiative is long-lasting, as evidenced by the fact that the spike in FDI inflows that occurred after the program's introduction has not subsided and that the total FDI inflows have continued to rise exponentially.

5 Discussion

In the present study we found that Make in India had a considerable impact on FDI influx to India in our research. FDI is attracted to countries with more open trade, as indicated by Faroh & Shen (2015) in their study of the Sierra Leonean economy using data from 1985–2012. There was a high correlation between trade openness and foreign direct investment, as shown by Kravis & Lipsey (1982), Culem (1988), & Edwards (1990). Foreign direct investment (FDI) is driven by a combination of policy and non-policy variables, according to Fedderke and Romm (2006). FDI inflows are driven by product-market regulation, job arrangement and control of the corporate tax rate, openness, trade barriers, infrastructural, and restrictions on direct FDI.

However, the study discovered that the make-in-India import and export incentive, which is a major factor in attracting foreign investment, is uncertain. However, we discovered that the Make in India initiative has attracted foreign investment in infrastructure development. As stated by Bakar et al. (2012), both physical and soft infrastructure play an important role in attracting foreign direct investment (FDI). FDI inflow is similarly linked to physical infrastructure, according to a study by Chakrabarti et al (2013). Furthermore, Behname (2012) discovered that urban infrastructure has a beneficial influence on FDI. Soft infrastructure has a substantial impact on the influx of FDI, according to Fung and colleagues (2005). International FDI inflows are significantly enhanced when a country's regulatory framework is well-developed, as researchers Hakro and Omezzine (2011) discovered. Rehman et al. (2011) also identified a link between infrastructure and market size. According to Asiedu (2002), attracting foreign direct investment (FDI) relied heavily on the development of infrastructure and the opening up of the economy. Increased efficiency (energy supply, advances in transportation and communication infrastructures, and flexible institutional structures) is also an essential requirement for higher FDI influx. A similar study by Babatunde (2011) revealed that FDI was influenced by factors such as the openness of commerce, infrastructure, and the GDP per capita of a country. Wheeler and Mody (1992) also discovered that a country's investment volume is significantly influenced by the quality of its energy, communication, and transportation infrastructure. Thus, we found out that the government playing a significant role in attracting FDI through the Make in India campaign.

The results signified that stable government, strong economic development, steady domestic demand, austerity measures, a youthful and inexpensive labour force, and a vast rising and consuming middle class are some of the most crucial characteristics in attracting FDI to India following the Make in India initiative. Hood and Youthful (1979) emphasised the location-specific benefits of investment in terms of a young and inexpensive workforce. There is a theory that low-cost technology moves to low-wage nations because wages vary among countries. According to Fatehi-Sedah and Sazedah, (1989), stable governments lead to foreign investment in the host nations. While Chakrabarti (2001) asserts that a big market size in the host nation is essential for effective use of resources & export opportunities, a large market is not always a prerequisite for direct investment (FDI). Foreign direct investment (FDI) is expected to shift to nations with bigger and growing markets, as well as a higher level of buying power, in order to maximise returns on capital. Schneider & Frey (1985), Tsai (1994), & Asiedu (2002) discovered a favourable correlation between high economic development and these characteristics. Higher GDP is seen as a positive indicator for foreign direct investment (FDI). In addition, Siddiqui & Aumeboonsuke (2014) asserted that FDI inflows are strongly influenced by political stability. In the present study, it was found out that the countries which seem to be significantly interested and betting big on India through their investments are USA, Japan and UAE. As G.D.A. MacDougall and M.C. Kemp (1964) explained, the total output of capital seems to homogenise between both the two countries when capital flows freely between capital-rich countries and capital-poor countries. This is consistent with the two-country model proposed by MacDougall and Kemp (1958). This results in a rise in welfare as a result of increased efficiency in the utilisation of resources. Also, we found out that the sectors that seem to be attracting significant FDI after the Make in India program Service, Automobile and Telecommunications. Through data analysis of past 12 years, we found out that the total FDI inflow got a bump after the launch of Make in India program in FY 2014-15. Also, we found out that the effects of the make in India initiative are long term as the bump experienced after the launch of the program refuses to die out and the total FDI inflow continues to grow exponentially. We also discovered that foreign direct investment (FDI) had a considerable effect on economic growth in India. Elboiashi, (2011) claimed that foreign direct investment (FDI) may help increase the stock of technology in the host nation via the transfer of talents. FDI also has an essential role in the expansion of the host country's economy by increasing the quantity of investable capital and by means of technical spill overs, according to Herzer and colleagues (2008).

The study reported that infrastructure development, Import-Export policy, and FDI inflow policy under make in India had a significantly positive effect on the Indian economy. Also, we found out that FDI inflow through the make in India incentive has contributed to the Indian GDP, increased employment especially attracting good jobs, raised overall local average wages, and boosted the start-up ecosystem. Herzer, et al. (2008) found that FDI boosts economic development through increasing domestic investment, and this is in keeping with their findings Also, we found out that there is either a positive outlook towards FDI or indifference to it in terms of mitigating income inequality. The study reported that the net inflow versus net outflow situation in India appears to be somewhat dire, as FDI flows have steadily declined over the last five years. Indian equities funds were also hit hard following the OPEC+ accord.

5.1 Conclusion

This study examines the program's capacity to attract foreign direct investment and determines whether it is a success (FDI). In order to achieve its objectives, the researchers adopted a correlational study design. The information for this study was gathered from both primary and secondary sources.

Following the implementation of Make in India, foreign direct investment (FDI) into India has increased significantly. The impact of globalisation on employment is a major source of political and economic concern today. With the "Make in India" initiative, the Indian government has chosen twenty-five vital industries for financial assistance. According to the findings of the study, the "Make in India" programme, which was started in 2014, has resulted in a large rise in foreign direct investment in India. As a result, the investment climate in India has become more favourable. In order to attract and encourage FDI, the Indian government has established a foreign direct investment policy framework that is transparent, predictable, and simple to understand. According to a comprehensive analysis of the research, trade openness has a favourable influence on foreign direct investment. Cross-border FDI is influenced by a number of factors, both policy-related and non-policy-related.

In this survey, men outnumbered women by a wide margin (83.3 percent). The current study's sample is made up of people under the age of thirty (30) who work in a variety of different economic fields. Those who took part in the survey said that infrastructure improvements made by Make in India had attracted international investment. The public's confidence in the

government's considerable involvement in attracting foreign direct investment (FDI) through the Make in India project has grown stronger.

Infrastructure development, import-export policy, and foreign direct investment (FDI) inflow policies, all of which are currently in place in India, have all had a significant impact on the Indian economy, according to the findings of the study. It was determined in the analysis that FDI inflows into India as a result of the Make in India incentive had boosted the Indian economy, created employment, particularly high-quality jobs, raised overall local average earnings, and improved the business environment for start-ups. According to the findings of the study, foreign direct investment has contributed to the reduction of income disparity in the country's local region. According to the data, the "Make in India" initiative has a considerable impact on foreign direct investment (FDI). According to the findings, foreign direct investment (FDI) may have a substantial impact on the Indian economy. Further research, however, is required to determine the impact of the 'Make in India' programme on foreign direct investment (FDI) and the Indian economy.

According to the findings of the current study, a stable government with strong economic development, powerful domestic demand, economic reforms, a young, cheap labour force, and a significant growing and consuming middle class are all necessary criteria for attracting foreign direct investment (FDI).

According to the findings of the study, foreign direct investment has a major impact on the Indian economy. According to the results of the poll, the United States, Japan, and the United Arab Emirates are the countries that are most interested in and betting heavily on India. The analysis concluded that total foreign direct investment (FDI) inflow increased after the start of Make in India in 2014-15, based on figures from the previous 12 years. Due to the fact that the initial boost has not dissipated, the Made in India project has also demonstrated that it has long-term consequences. Foreign direct investment (FDI) is continuing to rise at an unprecedented rate.

According to the findings of the study, certain adjustments could increase foreign direct investment (FDI). Examples include restructuring and recapitalizing public sector banks in order to increase efficiency while simultaneously reducing the interest rate disparity between the public and private sectors. In addition, the federal government must improve the clarity of legislation and put in place processes for preventing and resolving disputes, among other

things. The Indian government also intends to complete electrical reforms that will be attractive to both domestic and international businesses at the same time.

Indian infrastructure development, import-export, and foreign direct investment (FDI) policies, according to the study's findings, have all had a major positive impact on the Indian economy. That foreign direct investment has grown India's GDP, expanded employment, particularly good jobs, lifted overall local average incomes, and boosted the country's start-up eco-system. According to the findings of the study, foreign direct investment (FDI) flows have been steadily declining for the previous five years. The OPEC+ agreement had a significant negative impact on Indian stock funds, as it had in the past. Net foreign direct investment (FDI) inflows totalled $27.5 billion in the first seven months of 2020-21, an increase of 14.8% year on year.

5.2 Recommendations

According to the findings of the study, India's export and import incentives and policies greatly inhibit international investment in the country. As we have discovered, the Make in India campaign has drawn investment from around the world.

The investigation looked into the factors that influence foreign direct investment (FDI) inflows. As is customary in this field, the analysis suggests that Make in India has increased foreign direct investment in India. Investing in Make in India infrastructure has garnered the attention of international investors. Improving the business climate, economic reforms, and the expansion of the middle class were all necessary conditions for attracting foreign direct investment (FDI) following the Make in India initiative.

Increased foreign direct investment (FDI) inflows could result from reforming and recapitalizing public sector banks to reduce the difference between deposit and lending rates, for example. Improving legislative clarity, as well as conflict avoidance and resolution methods, can significantly increase foreign direct investment (FDI) inflows. In order for the Indian power industry to attract international and private investment, the government must complete the proposed reforms to the power sector. It is vital to undertake additional research in order to better understand how Make in India operates and how it may be enhanced in order to attract greater foreign direct investment. It is probable that future research may concentrate on the challenges associated with the Make in India effort as well as the variables affecting foreign direct investment.

As part of the government's strategy, FDI inflows should boost domestic production and exports by distributing them equally among the states and giving states the flexibility, they need to seek FDI inflows on their own. India has a promising future, inexpensive labour, raw supplies, a well-developed infrastructure, and a large market. The advantages far outweigh the disadvantages. There are several reasons why India will continue to be a popular destination for investors worldwide.

'Make in India' becomes 'Made in India' when it becomes a reality, and it envisions serving both the local and export markets. Make in India has become a worldwide brand for exports from India, but it is also "Made for India" when it meets the needs of Indian consumers (domestic consumption). Over the next two decades, yearly consumption in India is predicted to rise. India has become a 'consumption centre' throughout the globe because of its expanding middle-class population. The growing middle class in India has had a considerable impact on the expansion of manufacturing capacity to meet consumer demand (i.e., Made for India).

However, the country's industrial industry has been severely damaged by Free Trade Agreements (FTAs) signed with several South-East Asian nations. For example, the Free Trade Agreement (FTA) signed with Thailand has raised questions regarding duty-free imports of televisions, automobile components, air conditioners, and other engineering items entering India. A review of other policies, including FDI rules and the Make in India drive, is also needed to create an 'easy-to-do-business' environment. When all of these policies are put in place over the long run, India may return to its previous growth trajectory of 8%. Inclusive development is essential if the government is to eradicate poverty and reduce unemployment by establishing several industrial clusters around the country. Competitive advantage is gained through maximizing the use of natural resources, establishing a world-class infrastructure, and attracting foreign direct investment (FDI), all of which contribute to the overall development of the economy.

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APPENDIX 1. Interview Questions

Section 1: Demographic Profile

1. Age:
    a. <20
    b. 20-30
    c. 30-40
    d. 40-50
    e. >50
2. Gender:
    a. Male
    b. Female
    c. Others
3. Educational Qualification:
    a. 10^{th}
    b. 12^{th}
    c. Graduate
    d. Post-Graduate
4. Sector:
    a. Automobile
    b. Chemicals
    c. Construction
    d. I.T. & BPM
    e. Oil & Gas

f. Pharmaceuticals

g. Textiles & Garments

5. Job Profile:

    a. Contractor

    b. Government Official

    c. Privately Employed Professional

    d. Entrepreneur

    e. Subject Expert

Section 2: Make in India and FDI Inflow

6. The import and export incentive made in India has attracted foreign investment.

    a. Strongly Disagree

    b. Disagree

    c. Neutral

    d. Agree

    e. Strongly Agree

7. The infrastructure development done under the Make in India initiative has attracted foreign investment.

    a. Strongly Disagree

    b. Disagree

    c. Neutral

    d. Agree

    e. Strongly Agree

8. What are the most significant factors responsible for attracting FDI after the Make in India program?

9. Which country seems to be significantly interested and betting big on India through their investments? Why?

10. Which sector seems to be attracting significant FDI after the Make in India program? Why?

11. The role of the government has been significant in attracting FDI through the Make in India campaign.

    a. Strongly Disagree

    b. Disagree

    c. Neutral

    d. Agree

    e. Strongly Agree

Section 3: FDI Inflow and Local Economy

12. Infrastructure development under make in India has a significant effect on increasing competitive advantage for the Indian economy.

    a. Strongly Disagree

    b. Disagree

    c. Neutral

    d. Agree

    e. Strongly Agree

13. The import and export policy under make in India has a significant effect on contributing to the development Indian economy.

    a. Strongly Disagree

    b. Disagree

c. Neutral

d. Agree

e. Strongly Agree

14. FDI inflow policy in India has contributed to the Indian development economy.

a. Strongly Disagree

b. Disagree

c. Neutral

d. Agree

e. Strongly Agree

15. FDI inflow through the make in India incentive has increased the Indian economy's GDP.

a. Strongly Disagree

b. Disagree

c. Neutral

d. Agree

e. Strongly Agree

16. FDI inflow through make in India incentive has increased employment in India.

a. Strongly Disagree

b. Disagree

c. Neutral

d. Agree

e. Strongly Agree

17. FDI attracted through the Make in India program has brought good jobs to India.

a. Strongly Disagree

b. Disagree

c. Neutral

d. Agree

e. Strongly Agree

18. Foreign investment raises overall local average wages much more than domestic investment.

a. Strongly Disagree

b. Disagree

c. Neutral

d. Agree

e. Strongly Agree

19. How does Foreign Direct Investment impact Income Inequality in the local region?

a. No Impact

b. Reduces Income Inequality

c. Increases Income Inequality

20. FDI attracted through the Make in India program has led to a boost in the start-up ecosystem of India.

a. Strongly Disagree

b. Disagree

c. Neutral

d. Agree

e. Strongly Agree

21. What is the situation on net inflow against the net outflow concerning India?

22. What reforms are further needed to keep FDI inflows going or even further increase?

APPENDIX 2. Interview Info

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