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# Impact of Information Technological Applications in Economic Development in Start-up India

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**Abstract**— *The award recognizes that economic development and the Make in India initiative has become a catalyst to India's booming domestic manufacturing sector but proper information technological applications it seems to be impossible. There are various IT Applications that play an important role in cashless economy, such as Phonepay, PayTm, AdhaarPay, SBIPay, BHIM payment applications of online payment. Make in India is a campaign that Prime Minister Narendra Modi has launched on 25th September 2014 to challenge the ways India's economy is currently working. The main motive behind this campaign is to make India one of the leading countries in this competitive world by promoting manufacturing within the country. Led by the Department of Industrial Policy and Promotion, the initiative aims to raise the contribution of the manufacturing sector to 25% of the Gross Domestic Product (GDP) by the year 2025 from its current 16%. Make in India has introduced multiple new initiatives, promoting foreign direct investment, implementing intellectual property rights and developing the manufacturing sector. It targets 25 sectors of the economy which range from automobile to Information Technology (IT) & Business Process Management (BPM). In this paper we have discussed the pillar of Make in India, The objectives of Make in India, Impact of Startup India in Manufacturing Sector, Advantages and Disadvantages of Make in India.*

**Keywords**— *Make in India, USSD, APES, PMJDY, UPI*

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## I. INTRODUCTION

The Make in India programme is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. "Faceless, Paperless, Cashless" is one of professed role of Digital India. There are various applications are exist that makes the economic activities feasible. As part of promoting cashless economy and converting India into less-cash society, various modes of digital payments are available for cashless transactions. The cashless transactions are used in following modes [5]:

- (a). Banking Cards
- (b). USSD
- (c). APES

- (d). UPI
- (e). Mobile Wallets
- (f). Point of Sale
- (g). Internet Banking
- (h). Mobile Banking
- (i). Micro ATMs

## II. PILLARS OF MAKE IN INDIA

The initiatives are built on the following pillars that the government has launched. The progressive initiatives are as follows:

### A. *Digital India*

The initiative will connect rural areas with high-speed internet networks; boost electronics manufacturing, transforming India into a digitally empowered society and knowledge economy [1].

### B. *Start-up India*

The initiative aims at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive to growth of Start-ups [1].

### C. *Skill India*

An initiative will aim at encouraging the development of skill force across India by including the National Skill Development Mission, National Policy for Skill Development and Entrepreneurship 2015, Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme and the Skill Loan scheme. Over 400 million people will be trained in various skills by 2022[4].

### D. *Pradhan Mantri Jan-Dhan Yojna*

This program plans to ensure access to different financial services like availability of basic savings bank account, access to need-based credit, remittances facility, insurance and pension to the classes in society that economically-challenged[4].

### E. *Smart City*

This is an urban renewal and retrofitting program with a mission to develop 100 cities all over the country making them citizen friendly and sustainable[1].

## III. OBJECTIVES OF MAKE IN INDIA

The main objectives of Make in India are mainly on 25 sectors and every sector has played an important role to maximize the GDP of India. The main focus will be on increasing employment and the use of advanced technology. These sectors are as follow [2]:

- Automobiles
- Food processing
- Renewable energy
- Automobile components
- Roads and highways
- Aviation
- Leather
- Space
- Biotechnology
- Media and entertainment
- Textiles and garments
- Chemicals

- Mining
- Thermal power
- Construction
- Oil and gas
- Tourism and hospitality
- Defence manufacturing
- Pharmaceuticals
- Wellness
- Electrical machinery
- Ports
- Electronic system
- Railways

#### IV. IMPACT OF START-UP INDIA IN MANUFACTURING SECTOR

The main and the prime motive of Make in India campaign are to strengthen the manufacturing sector. This campaign mainly focuses on this sector just because there is a lot of scope of growth, employment, and contribution in the economy from this sector. The main initiative is to make India, a global manufacturing hub. The main thrust of this campaign would be on reducing waiting period of clearance for the manufacturing projects, create requisite infrastructure, and encourage easy way for the corporate firms to do business in India. The aim was to increase the contribution of the manufacturing sector up to 25% in the Gross Domestic Product of the country's economy. Earlier, the contribution was limited up to 15% but the impact of Make in India has increased the contribution by 7.6% in 2015-16. In the last several years, this was the fastest change in the sector.

#### V. ADVANTAGES OF MAKE IN INDIA

Make in India has come with lots of benefits and advantages for the Indian Economy. Due to this fact companies from across the globe have invested in the make in India campaign, and have thrived successfully, making India a hub for the manufacturing companies, overshadowing countries like the USA in the collection of FDI up to \$63 billion during the previous year. The advantages are as follows [2]:

##### A. *Develop Job Opportunity*

One of the main purposes of make in India crusade is to provide job opportunities for as many citizens of India as possible. It has targeted the young generation of the country as its prime beneficiary. The investments in the targeted sectors, i.e. telecommunications, pharmaceuticals, tourism etc. will encourage the young entrepreneurs to come forth with their innovative ideas without worrying about the source of speculation.

##### B. *Expand GDP*

Due to the manufacturing of products in India, economic growth is inevitable, which will not only boost the trade sector but also will increase the GDP of Indian economy as with the setting up of new factories and various investments being speculated in the Indian commercial sectors the flow of income will be humongous. Various sectors such as exportation, architecture, textiles, telecommunications etc. are likely to flourish inevitably, strengthening the Indian economy which is already the seventh largest in the world.

##### C. *Increase in Brand Value*

Most of the urban population prefers international brands rather than putting their faith in Indian retailers. As a result, the small manufacturing companies suffer extreme loss in the market. Due to the make in India campaign, such small manufacturers will be provided with a

real shot at business. With, companies investing in such small time retailers from all around the world, the brand value of Indian merchandise will increase dramatically.

#### *D. Up gradation of Technology*

India being an underdeveloped country obviously lack of various latest mechanization, which, is a big hurdle in the path to development of the nation. Hence, with myriad of countries coming forth by the make In India crusade, India will be given with the opportunity to make use of the latest technology these countries bring along. Not only will India benefit from the knowledge and use of the technology but also, the concerned nations will be provided with a skilled and erudite labor.

#### *E. Ease of Business*

India is a nation which ranked 130<sup>th</sup> on the ease of doing business scale. But with the open invitation given to the entire world to manufacture their products in India, the various restrictions opposed over the entrepreneurs will be lifted and aspiring businessmen from all over the globe could invest in India with no stress at all.

#### *F. Availability of Young Minds*

Most of the young generation of India plans to move out of the country in the hope of a better future. Due to the lack of young labor, India has always been deprived of innovative and new ideas. With the make in India campaign, the young population would not only be provided with employment but also their young and fresh minds would take the industrial sector to new heights.

#### *G. Development of Rural Areas*

It is a well-known fact, that a factory set up not only improves a particular area, but also provides for the locals with employment, thus the quality of life of people would automatically enhance. Amenities like schools, hospitals and other public conveniences will be developed for the betterment of the public.

#### *H. Flow of Capital*

Since the beginning of capitalization, the Indian currency is being spent on the foreign countries with the introduction of make in India, the capital will not only remain in India, but also the foreign currency will be provided to the nation as well. In a nutshell, India will not spend on foreign countries, but the foreign countries will spend on India in the form of investments and wages.

### **VI. DISADVANTAGES OF MAKE IN INDIA**

The disadvantages of Make in India are [2]:

#### *A. Negligence of Agriculture*

The most negative impact of the make in India campaign will be on the agriculture sector of India. It is a well-known fact that Indian Territory has 61% cultivable land. With the introduction of industrial sectors, the agriculture in India will be neglected somewhat.

#### *B. Depletion of Natural Resources*

Since Make in India is primarily based on manufacturing industries, it demands the set-up of various factories. Usually such projects consume the natural resources such as water, land etc. on a large scale. With the rapid devouring of such precious resources, India might be left with zero opportunity to replenish them, threatening the survival of such a large population in the near future.

### *C. Loss of Small Entrepreneurs*

The make in India campaign, welcomes foreign countries to manufacture in India with open arms, this automatically eases up the various restrictions over trade with foreign countries, inviting attention of the international commercial companies. However, these companies will not only seduce the Indian population but also would dominate the small local entrepreneurs and force them out of business.

### *D. Disruption of Land*

As stated above, India is very rich in the agriculture sector. About 60% of the Indian soil is arable. With the emphasis being given to the make in India campaign, thousands of companies would come forth to set up their factories on the land which could be used for cultivation. Eventually this set up of manufacturing factories would lead to the permanent disruption of the agrarian land in the near future.

### *E. Manufacturing based Economy*

Indian economy is one of the largest economies in the world. It constitutes of three sectors i.e. agriculture, industry and services. Now the Indian economy majors up from the service sector which contributed up to 57% of the GDP. But with the introduction of the make in India campaign the economy is likely to rely completely on the manufacturing and exporting while the import industry will remain static. This eventually will be a huge loss for the other economic sectors and would automatically reduce the advancement of make in India.

### *F. Interest in International Brands*

As stated earlier, the brand value of Indian merchandise will definitely increase. But the Indian upper class, which can actually afford such merchandise, is addicted with foreign label. This will eventually become a big hurdle for the local entrepreneurs as a great level of promotion is required to build the confidence of people in the local brands.

### *G. Pollution*

One of the biggest problems which are prevailing in India is pollution. According to statistics, India has a pollution index of 76.50. With the make in India movement, this pollution level is likely to arise in a couple of years. Hence, Make in India might be economically but it will have an inverse effect ecologically.

## **VII. CONCLUSIONS**

Today information technology applications are used generally in every field such as agriculture, banking, rural development, renewable energy, electronic system etc that makes India growing towards a new space. Start-ups means youths of the country will be supported through finance from banks to strengthen those start-ups better so that they can create more employment in India. This initiative is the necessity to lead India in right direction.

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