



# DAILY EDITORIAL ANALYSIS

TOPIC

---

**INDIA'S MANUFACTURING  
AMBITIONS: LESSONS FROM  
CHINA'S MIC2025**

---

[www.nextias.com](http://www.nextias.com)

# INDIA'S MANUFACTURING AMBITIONS: LESSONS FROM CHINA'S MIC2025

## Context

- Manufacturing has long been the backbone of economic growth, employment generation, and technological advancement for emerging economies.
- In this context, India's 'Make in India' (2014) and China's 'Made in China 2025' (MIC2025) (2015) represent ambitious policy frameworks aimed at repositioning their respective countries in the global manufacturing value chain.
- A comparative assessment of these initiatives provides valuable lessons for India as it seeks to catalyse its own industrial revolution.

## Objectives and Strategic Vision

- **Made in China 2025 (MIC2025):**
  - ♦ **Aim:** Upgrade China's manufacturing capabilities, reduce foreign dependence, and move up the global value chain.
  - ♦ **Focus:** Ten strategic sectors, including advanced IT, robotics, aerospace, green energy, and high-tech transport.
  - ♦ **Approach:** State-led, target-driven, and heavily funded with clear timelines and measurable goals.
- **Make in India:**
  - ♦ **Aim:** Increase manufacturing's share in GDP, boost employment, and attract FDI.
  - ♦ **Focus:** 25 sectors including electronics, defence, automotive, textiles, and biotechnology.
  - ♦ **Approach:** Facilitative, aiming to improve the business environment, incentivise investment, and enhance ease of doing business.

## Achievements

- **China (MIC2025):**
  - ♦ **Green Technologies:** Dominates global lithium-ion battery and solar module production (>75% share), and leads in electric vehicles.
  - ♦ **High-Speed Rail:** World's largest network (~40,000 km).
  - ♦ **Robotics & AI:** Closed the gap with global leaders, with firms like DJI and Huawei as global innovators.
  - ♦ **Integrated Supply Chains:** Self-sufficiency in electronics, renewables, and mobility sectors.
  - ♦ **Domestic Value Addition:** Enhanced local content in high-tech manufacturing.
- **India (Make in India)**
  - ♦ **Mobile Manufacturing:** Now second-largest globally; Apple produces 15% of iPhones in India.
  - ♦ **FDI Growth:** Inflows rose from \$45.14 bn (2014-15) to \$84.83 bn (2021-22).
  - ♦ **PLI Schemes:** 1.97 lakh crore committed across 14 sectors, incentivising domestic production.
  - ♦ **Ease of Doing Business:** Improved World Bank ranking from 142 (2014) to 63 (2019).
  - ♦ **Infrastructure:** Development of industrial corridors and logistics parks.

## Challenges and Shortcomings

- **China:**
  - ♦ **Global Criticism:** Accused of unfair subsidies, non-tariff barriers, forced technology transfers, and monopolistic ambitions.
  - ♦ **Trade Tensions:** MIC2025 became a flashpoint in US-China trade disputes.

- **India:**

- ♦ **Stagnant Manufacturing Share:** Manufacturing's GDP share remains around 17.7% (2023), far from the 25% target.
- ♦ **Employment Concerns:** Manufacturing's share in employment declined from 11.6% (2013-14) to 10.6% (2022-23).
- ♦ **Export Weakness:** Exports as a share of GDP fell from 25.2% (2013-14) to 22.7% (2023-24); exports remain concentrated in non-labour-intensive goods.
- ♦ **R&D Deficit:** R&D spending is below 0.7% of GDP, much lower than China.
- ♦ **Skill Gaps:** Only 4.7% of the workforce is formally skilled (vs. China's 24%).

### Key Lessons for India

- **Strategic, Long-Term Vision:** China's MIC2025 was anchored in a clear, well-funded, and time-bound strategy targeting high-value sectors. India must similarly articulate a National Industrial Strategy with sector-specific roadmaps, measurable targets, and strong coordination between central and state governments.
- **Robust R&D and Innovation Ecosystem:** China's rise was powered by heavy investments in R&D and fostering public-private research partnerships. India's R&D spending remains low (<0.7% of GDP). To catch up, India should incentivize private sector R&D, establish research parks, and promote technology transfer.
- **Integrated Manufacturing Clusters and Supply Chains:** China's integrated supply chains reduced import dependence and improved domestic value addition. India must accelerate the development of plug-and-play industrial parks, strengthen MSME linkages, and ensure backward integration to boost local manufacturing.
- **Focus on Skilling and Workforce Readiness:** China's skill development programs created a future-ready workforce. India, with only 4.7% formally skilled workers, needs large-scale, industry-linked vocational training, especially in electronics, renewables, and advanced manufacturing.
- **Policy Stability and State Support:** Consistent, long-term policy support and incentives were crucial for China. India should maintain policy stability, reduce compliance burdens, and ensure ease and cost-effectiveness of doing business.
- **Support for MSMEs and Startups:** MSMEs are the backbone of India's industrial output and exports. Enhanced credit access, expanded MSME classification, and targeted support for startups can drive innovation and job creation.
- **Quality, Technology, and Clean Manufacturing:** China's focus on quality and technology made its products globally competitive. India should prioritize clean tech manufacturing (solar PV, EV batteries, wind turbines), quality standards, and digital platforms for export facilitation.

Source: TH

### Mains Practice Question

[Q] Compare and contrast the 'Make in India' initiative with China's 'Made in China 2025' strategy. What lessons can India draw from China's experience to accelerate its own manufacturing transformation?

