



DAILY EDITORIAL ANALYSIS

TOPIC

**MAKE IN INDIA, MEASURED
AGAINST WRONG DECADE**

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MAKE IN INDIA, MEASURED AGAINST WRONG DECADE

Context

- In 2026, when the **Make in India initiative reaches its 12th year**, evaluations of its effects on manufacturing, exports and employment are once again fueling discussion regarding **India's industrial transformation**.

About Make in India and Its 12 Years of Performance

- The **Make in India** initiative seeks to turn India into a global manufacturing centre by drawing in investment, encouraging innovation, improving the ease of doing business, and creating employment.
- Its objectives include:
 - ♦ Raising the proportion that manufacturing contributes to GDP.
 - ♦ Boosting exports and global competitiveness.
 - ♦ Setting up jobs and improving industrial skills.
 - ♦ Lowering our reliance on imports and boosting domestic production.
- **Achievements of Make in India in Past 12 Years:**
 - ♦ The level of **manufacturing growth** rose from 2.4% in 2014 to 3% in 2025.
 - ♦ The **PLI schemes** have drawn in about 2.4 lakh crore in **investment**.
 - ♦ In the 2025–26 period, the value of **electronics exports** was \$47.96 billion.
 - ♦ The capacity for **manufacturing solar modules** rose from 2.3 GW in 2014 to about 192 GW.
 - ♦ The **production of Penicillin G** at home has been picked up again, which is lowering the need to import it from China.
- However, the contribution of manufacturing to GDP is still below the **long-standing government aim of 25%**, and domestic value addition together with employment generation are still uneven.

India's Manufacturing Performance

- **Rising Manufacturing Contribution:** The contribution of manufacturing increased from 2022–23, when its share of Gross Value Added (GVA) at constant prices was **14.7 per cent, to 16.1 per cent in 2025–26**.
- **Investment & Industrial Expansion:** The amount of foreign direct investment going into manufacturing rose from 48% to 55%.
 - ♦ The PLI schemes have been aimed at key sectors such as electronics, pharmaceuticals, automobiles, solar modules and specialty steel.
- **Formalisation of Employment:** The number of workers recorded by the **Annual Survey of Industries** in registered factories in 2024–25 was about 2.10 crore, which is 14 lakh more than the previous year.
 - ♦ The total number of people employed in manufacturing has stayed fairly steady while it shows an increase in formal industrial employment.

Global Context: Why Comparisons Matter?

- **Different Growth Conditions:** Merchandise exports worldwide increased from \$6.2 trillion in 2002 to \$18.8 trillion in 2013, which is a tripling, and they rose by less than 40% over the period from 2014 to 2025, reaching \$26.3 trillion.
- **Global Disruptions:** The COVID-19 pandemic, disagreements between nations over tariffs and problems with the supply chains caused a weakening of international trade.
- **Chinese Competition:** In terms of competition, China's manufacturing value added amounted to about **\$4.8 trillion (that is roughly nine times that of India)**, thereby increasing the pressure from competition due to its **large-scale production** and the **exports at lower prices**.
- **Comparative Performance:** India's manufacturing value added increased by 73% in dollar terms from 2014 to 2025, as opposed to an increase of 51% in the case of China and 36% on a global scale.

Structural Reforms Supporting Industrialisation

- Several reforms have strengthened the manufacturing ecosystem:
 - ♦ The **Goods and Services Tax (GST)** helped to create a more integrated domestic market.
 - ♦ The **Insolvency and Bankruptcy Code (IBC)** has improved the framework for dealing with businesses that are experiencing difficulties.
 - ♦ In 2019 the **corporate tax rate** was reduced in order to decrease the tax burden on companies.
 - ♦ The **Jan Vishwas Act** removed a large number of minor offences related to business.
 - ♦ **Labour Codes** aim to make labour rules simpler and help businesses grow.
 - ♦ The costs relating to **logistics** are estimated to have dropped from 13 to 14% to about 8% of GDP.
- Moreover, the PLI schemes show a move towards strategic industrial policy since the major economies are now providing subsidies for domestic manufacturing.

Persistent Challenges and Issues

- **Low Domestic value Addition:** The domestic value added is still about 18 to 23 per cent, which shows that the country continues to rely on imported components.
- **Employment Deficit:** The employment shortfall is that manufacturing which is capital-intensive has not produced the number of jobs needed.
- **Weak Labour-intensive Exports:** Investment in textile PLI measures has not met expectations, and China still holds a leading position in a number of labour-intensive export sectors.
- **Uneven Industrial Development:** The development of industry is uneven since manufacturing abilities and investments are still concentrated in certain sectors and areas.
- **Trade & Cost Pressures:** High input costs, import competition, changes in oil prices, and uncertain global demand make private investment less appealing.
- **Implementation Gaps:** Gaps in implementation include problems relating to land acquisition, regulatory complexity, a shortage of skilled workers, and limited research and development activities.

Way Forward

- **Deepen Domestic Value Addition:** Promote domestic value addition by strengthening component manufacturing, the semiconductor ecosystems, and industrial research and technology transfer.
- **Promote Labour-intensive Sectors:** Encourage the development of labour-intensive industries by focusing on textiles, footwear, leather, food processing, and furniture in order to create large numbers of jobs.
- **Improve Business Environment:** Improve the business environment by making it easier to acquire land, obtain permits, and meet regulatory requirements while at the same time ensuring that the policies are predictable.
- **Enhance Trade Competitiveness:** Improve trade competitiveness by reducing inverted duties and streamlining the tariffs applied to intermediate goods, components and capital equipment.
- **Integrate With Global Value Chains:** Join global value chains by using trade agreements to draw in investment, broaden exports and obtain vital inputs.
- **Strengthen MSMEs:** Strengthen MSMEs by improving access to affordable credit, modern technology, skilled labour, and export markets.
- **Measure Outcomes:** Measure the outcomes by keeping track of domestic value addition, productivity, formal employment, export diversification and innovation together with investment commitments.

Conclusion

- The 12-year period of the Make in India initiative has seen real advances in manufacturing capacity, investment, and strategic production, but the benefits have been uneven.

- The **next stage** should shift its focus from rewarding production to establishing manufacturing that is **globally competitive, employment-intensive and technologically advanced**.
- Whether India will be able to achieve its ambition of becoming a major manufacturing power will depend on sustained reforms, export integration and stronger domestic capabilities.

Daily Mains Practice Question

[Q] Examine India's manufacturing performance, achievements and persistent challenges in changing the global economic environment.

Source: BL

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