



In Depth: Achievements of Make in India

For Prelims: [Make in India initiative](#), [Make in India 2.0](#), [PLI schemes](#), [Foreign Direct Investment \(FDI\)](#), [Semicon India Program](#), [Startup India Initiative](#), [National Industrial Corridor Development Programme](#)

For Mains: Make in India: Achievements, Challenges & Way Forward

Why in News?

Recently, the [Make in India initiative](#), launched on 25th September 2014, **completed its 10-year journey**, emerging as a strategic response to revive the [Indian economy](#), which was grappling with slow growth at the time.

What is the Make in India Initiative?

- **Aim & Objective:**
 - Its primary goal was to **transform India into a global manufacturing hub** by attracting investment, encouraging innovation, and developing world-class infrastructure.
 - It aimed to bolster India's industrial capacity while promoting the ['Vocal for Local' concept](#) to reduce dependence on foreign products.
 - In addition, the initiative sought to create [employment](#) opportunities for India's youthful workforce, fostering economic growth and self-reliance.
- **Make in India 2.0:**
 - The ongoing ["Make in India 2.0" phase](#), encompassing 27 sectors, continues to propel the program forward, consolidating India's role as a significant player in the global manufacturing arena.
- **Targeted Sectors Under the Initiative:**
 - The initiative targets a broad range of sectors, which have been divided into two major categories: [manufacturing](#) and [service sectors](#).

Manufacturing Sectors	Service Sectors
Aerospace and Defense	Information Technology (IT) and IT-enabled Services (ITeS)
Automotive and Auto Components	Tourism and Hospitality
Pharmaceuticals and Medical Devices	Medical Value Travel (travel to maintain, improve or restore health through medical intervention)
Biotechnology	Transport and Logistics
Capital Goods	Accounting, Legal, Financial, and Audio-Visual

	Services
Textile and Apparels	Communication and Environmental Services
Chemicals and Petrochemicals	Construction-related Engineering Services
Electronics System Design and Manufacturing	Education Services
Leather and Footwear	
Food Processing	
Gems and Jewelry	
Shipping, Railways, Construction, and New and Renewable Energy	

▪ **Four Pillars of the Initiative:**

- **New Processes:** This pillar aims to enhance the [ease of doing business](#) in India by simplifying regulations and reducing bureaucratic hurdles.
 - The government has **introduced reforms** to make the business environment more conducive for both [startups](#) and established enterprises.
- **New Infrastructure:** The initiative emphasises the development of industrial corridors, [smart cities](#), and state-of-the-art technology infrastructure.
 - These developments **aim to support innovation**, simplify registration processes, and ensure a robust [intellectual property rights](#) framework.
- **New Sectors:** [Foreign Direct Investment \(FDI\) regulations](#) were liberalised to open up several sectors, including [defense](#), [insurance](#), [medical devices](#), and railways.
 - This approach has fostered international investments, driving economic growth.
- **New Mindset:** The government has shifted its role from being a regulator to a facilitator, collaborating with industries to promote economic development. This change in mindset seeks to create a **more business-friendly environment**.

What are the Major Programs and Schemes under Make in India?

- **Production-Linked Incentive (PLI) Schemes:** With an allocation of Rs. 1.97 lakh crore (approximately USD 26 billion), the [PLI schemes](#) aim to boost manufacturing across 14 key sectors, including mobile phones, medical devices, and automobiles.
 - By July 2024, 755 applications had been approved, resulting in investments worth Rs. 1.23 lakh crore and generating employment for 8 lakh people.
- **PM GatiShakti:** Launched in October 2021, [PM GatiShakti](#) focuses on holistic infrastructure development, integrating multimodal connectivity across sectors such as railways, roads, ports, airports, and mass transport.
 - It aims to support [India's goal of becoming a USD 5 trillion economy by 2025](#).
- **Semicon India Program:** Approved in 2021 with a budget of Rs. 76,000 crore, the Semicon India program aims to establish a sustainable semiconductor and display manufacturing ecosystem.
 - Significant projects include Micron's Rs. 22,000 crore investment in semiconductor manufacturing.
- **National Logistics Policy (NLP):** Launched in September 2022, the [NLP](#) aims to improve India's logistics network, reduce costs, and enhance the country's Logistics [Performance Index ranking](#). The policy complements PM GatiShakti's infrastructure initiatives.
- **Industrialisation & Urbanisation:** The [National Industrial Corridor Development Programme](#) plays a crucial role in advancing industrialisation and urbanisation in India. This program integrates industrial corridors with urban planning, promoting the development of smart cities and industrial hubs.
 - Recent approvals include 12 projects worth Rs. 28,602 crore, aiming to position India as a

global manufacturing destination.

- **Startup India Initiative:** Launched in 2016, the [Startup India initiative](#) has created a robust ecosystem that supports entrepreneurship, leading to the establishment of over 148,931 startups and generating 15.5 lakh direct jobs.
- **Tax Reforms:** The introduction of the [Goods and Services Tax \(GST\)](#) in 2017, unified India's tax structure, simplified compliance, and enhanced manufacturing competitiveness.
- **Unified Payments Interface (UPI):** India's [UPI](#) has emerged as a global leader in digital payments, handling 46% of the world's real-time payment transactions.
 - From April to July 2024, UPI recorded transactions worth Rs. 81 lakh crore, significantly supporting the growth of the digital economy.
- **Ease of Doing Business:** India also made a notable leap in the Ease of Doing Business ranking, moving from **142nd in 2014 to 63rd in 2019**, reflecting efforts to simplify regulations and reduce bureaucratic barriers, boosting investor confidence.
- **Record FDI to Boost Make in India:** The Make in India initiative has seen significant success, driven by record FDI inflows and improvements in ease of doing business.
 - FDI grew from USD 45.14 billion in 2014-15 to USD 84.83 billion in 2021-22, with a total of USD 667.41 billion attracted between April 2014 and March 2024. In FY 2023-24, FDI reached USD 70.95 billion, **highlighting India's appeal as a global investment destination.**

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What are the Key Achievements under the Make in India Initiative?

- **Healthcare:** India became a major exporter of [Covid-19 vaccines](#), supplying 60% of the global

vaccine requirements.

- **Railways:** The **indigenous Vande Bharat trains** have demonstrated India's local manufacturing capabilities.
- **Defense Production:** The launch of [INS Vikrant](#), India's first domestically built aircraft carrier, marked a significant milestone in defense self-reliance.
- **Electronics Manufacturing:** India has become the [second-largest mobile phone manufacturer](#), with the electronics market reaching USD 155 billion in FY 2023.
- **Merchandise Exports:** India's merchandise exports stood at USD 437.06 billion in FY 2023-24, showcasing its increasing role in global trade.
- **Textiles and Employment:** The sector has created approximately 14.5 crore jobs, contributing substantially to employment generation.
- **Toy and Sports Goods Manufacturing:** India produces 400 million toys annually and exports popular items like Kashmir willow cricket bats.

What are the Challenges Related to Make in India Initiative?

- **Infrastructure Gaps:** Despite improvements, India's infrastructure, including roads, railways, and ports, still lags behind developed countries, affecting the smooth movement of goods.
 - According to the [Economic Survey 2022-23](#), the logistics cost in India is around 14%-18% of [GDP](#), compared to 8-10% in developed economies like Germany or the US.
- **Regulatory and Bureaucratic Hurdles:** While India has made strides in ease of doing business, regulatory and bureaucratic obstacles persist. Complex approval processes and red tapism can delay project execution.
 - **Land acquisition remains a cumbersome process** due to outdated laws and lengthy legal procedures.
- **Skill Gaps in the Workforce:** There is a mismatch between the skills available in the workforce and the skills required in manufacturing industries.
 - High-tech industries like electronics and biotechnology require specialised skills, but **India has a shortage of skilled technicians and engineers**. For instance, despite being a major IT hub, India has struggled to expand its manufacturing capacity in advanced electronics due to a lack of skilled labor.
- **Dependence on Imports for Key Inputs:** India continues to rely heavily on imports for critical components and raw materials, which limits the growth of domestic manufacturing.
 - The electronics industry, including mobile phone manufacturing, depends on importing semiconductor chips and other key components **from countries like China and Taiwan**. This dependence undermines the goal of self-reliance.

Way Forward

- **Enhancing Infrastructure Development:** Increase public and private investment in transportation, logistics, and utility infrastructure to reduce costs and improve efficiency. This includes upgrading roads, railways, ports, and power supply.
 - Encourage [Public-Private Partnerships \(PPPs\)](#) to accelerate infrastructure projects, leveraging private sector expertise and funding.
- **Streamlining Regulatory Processes:** Simplify business regulations and approvals to reduce bureaucratic delays. Implement a **single-window clearance system** for faster approvals.
 - Promote [e-governance](#) and digital platforms to enhance transparency and efficiency in regulatory processes.
- **Skill Development Initiatives:** Launch skill development programs tailored to the specific needs of industries. Collaborate with industry players to identify skills gaps and create relevant training modules.
 - Strengthen vocational education and training programs to prepare the workforce for manufacturing jobs, focusing on emerging technologies.
- **Promoting Local Sourcing and Supply Chain Development:** Implement policies that incentivize the use of local suppliers and manufacturers, reducing dependence on imports for critical components.
 - Build **integrated supply chain ecosystems** that support domestic manufacturing, including logistics, component production, and distribution networks.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q. What is/are the most likely advantages of implementing 'Goods and Services Tax (GST)'? (2017)

1. It will replace multiple taxes collected by multiple authorities and will thus create a single market in India.
2. It will drastically reduce the 'Current Account Deficit' of India and will enable it to increase its foreign exchange reserves.
3. It will enormously increase the growth and size of the economy of India and will enable it to overtake China in the near future.

Select the correct answer using the code given below:

- (a) 1 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

Ans: (a)

Mains

Q. "Success of 'Make in India' program depends on the success of the 'Skill India' programme and radical labour reforms." Discuss with logical arguments. (2015)

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