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Editorials

Make in India programme leaves much to be desired

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Indian Prime Minister Narendra Modi, centre, unveils the logo of the 'Make in India' initiative in New Delhi, India, Sept. 25, 2014. (File Photo | AP)

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The Make in India programme has completed 10 years. The project was launched by the Narendra Modi government in 2014 to give a major push to the manufacturing sector. The aim was to take the share of manufacturing in GDP, which was 15 percent in 2014, to 25 percent by 2020. In its earlier



effective, and developing skills.

On the completion of 10 years of Make in India, the government has declared the programme a success. To prove its point, the government has been showcasing the success in some sectors such as electronics, defence, toys etc, where exports have shown tremendous growth. Mobile exports surged from Rs 1,556 crore in 2014 to Rs 1.2 lakh crore by March 2024. Defence exports soared from Rs 1,000 crore to Rs 21,000 crore, while exports of toys have zoomed 239% over the past 10 years. There are pockets of success stories of the Make in India scheme, primarily due to the Production-linked Scheme (PLI), which was launched in April 2020. Under PLI, the government is offering companies in 14 sectors cash incentives to produce in India.

However, beyond this, the scheme has largely been ineffective in either increasing the share of manufacturing in GDP or attracting major investments in the country. Even on the employment front, manufacturing jobs remain few and far between. The share of value addition by manufacturing sector is 15.9 percent in 2023-24 compared to 16.7 percent of GDP (in constant price) in 2013-14. Even in terms of FDI, net FDI inflows have come down from 1.5 percent of GDP in 2013-14 to 0.8 percent in 2023-24. The reasons for a rather insipid response to the Make in India programme are many. For one, ease of doing business is still a far cry from what is claimed on paper. High incidence of taxation and high handedness in dealing with tax litigation cases is another headache. Scarcity of skilled workers in India and competition from Vietnam and Bangladesh for low-skilled manufacturing also add to the woes.

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