



Mains Practice Question

Q. Evaluate the effectiveness of the government's Make in India initiative in boosting the manufacturing sector. (250 words)

01 Mar, 2023 GS Paper 3 Economy

Approach

- Start your answer by briefly introducing Make in India and related initiatives.
- Evaluate its effectiveness in boosting manufacturing sector.
- Conclude by suggesting measures to improve its effectiveness.

Introduction

- India is one of the fastest-growing economies in the world. It is a well-known fact that the manufacturing sector plays a crucial role in the growth and development of any country. With this in mind, the Indian government launched the **"Make in India" initiative in 2014 to promote domestic manufacturing and attract foreign investment.**

Body

- **Make in India Initiative:**
 - The initiative **focused on 25 sectors**, including automobiles, aviation, biotechnology, chemicals, construction, defence manufacturing, electronics, food processing, IT, and pharmaceuticals. The government **aimed to increase the share of manufacturing in India's GDP from 16% to 25% by 2023.**
- **The government also announced several measures to promote the initiative, such as:**
 - **Easing of foreign investment norms:** The government eased foreign investment norms in various sectors to attract foreign investors.
 - The government allowed **100% foreign direct investment (FDI)** in several sectors, including defence, railways, construction, and manufacturing.
 - **Infrastructure development:** The government focused on improving infrastructure, such as roads, ports, and airports, to facilitate the growth of the manufacturing sector.
 - The government also announced the **Smart Cities initiative** to build modern and efficient cities with state-of-the-art infrastructure.
 - **Skill development:** The government launched the Skill India initiative to train and develop skilled manpower for the manufacturing sector. The initiative aimed to train 400 million people in various skills by 2023.
 - **Intellectual property rights:** The government announced various measures to protect intellectual property rights (IPR) to encourage innovation in the manufacturing sector.
- **Evaluation of the effectiveness of the Make in India initiative:**
 - **Effectiveness of the Make in India Initiative:**
 - The Make in India initiative has been moderately successful in boosting the manufacturing sector in India. The following are some of the key achievements of the initiative:
 - **Increase in Foreign Direct Investment (FDI):** The initiative has led to a significant increase in FDI inflows in the manufacturing sector. According to the Department for Promotion of Industry and Internal Trade (DPIIT), the FDI inflows in

the manufacturing sector increased from **USD 17.4 billion in 2013-14 to USD 80 billion in 2020-21.**

- **Increase in Share of GDP:** Since the launch of the Make in India initiative, the manufacturing sector has witnessed significant growth. **The share of manufacturing in India's GDP increased from 16% in 2014 to 17.4% in 2019.**
- **Increase in domestic manufacturing:** The initiative has also led to an increase in domestic manufacturing in India.
 - Various companies have started manufacturing products in India, which were earlier imported. For example, **Samsung started manufacturing smartphones in India under the Make in India initiative.**
- **Increase in employment:** The initiative has led to an increase in employment opportunities in the manufacturing sector.
 - According to the Annual Survey of Industries (ASI), the employment in the **manufacturing sector increased from 51.1 million in 2012-13 to 55.2 million in 2019-20.**
- However, there are some challenges that need to be addressed to make the Make in India initiative more effective. **Some of these challenges include:**
 - **Infrastructure:** The lack of adequate infrastructure, **such as roads, ports, and power supply**, is one of the major challenges faced by the manufacturing sector in India.
 - The government needs to invest more in infrastructure development to make the manufacturing sector more competitive.
 - **Regulatory environment:** Despite the government's efforts to simplify the regulatory environment, there are **still too many regulations and procedures** that need to be followed to start a business in India.
 - The government needs to further simplify the regulatory environment to attract more investments in the manufacturing sector.
 - **Skilled workforce:** Although the government has launched various skill development schemes, there is still a shortage of skilled workers in the manufacturing sector.
 - The government needs to take more initiatives to enhance the skills of the workforce.

Conclusion

To improve the effectiveness of the Make in India initiative, the following measures could be taken:

- **Focus on infrastructure development:** The government should invest more in infrastructure development, such as building more ports, airports, and improving road networks.
 - For example, the government could undertake large-scale projects like the **Sagarmala Project**, which aims to modernize the country's ports and increase their efficiency.
- **Streamline regulations:** The government needs to simplify the regulatory environment further to make it easier for businesses to operate in India.
 - For instance, the government could introduce a single-window clearance system for all the regulatory approvals required to start a business.
- **Enhance skill development:** The government needs to focus on enhancing the skills of the workforce to meet the demands of the manufacturing sector.
 - The government could collaborate with industry players to provide on-the-job training to workers.
- **Increase research and development:** The government should promote research and development to encourage innovation in the manufacturing sector.
 - For example, the government could establish more **research and development centers**, like the Indian Institute of Technology, to promote innovation and research in various fields.

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