



Mains Practice Question

Q. Critically assess the potential impact of the National Manufacturing Mission on India's manufacturing sector. How can this initiative enhance the sector's global competitiveness? (250 words)

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Approach:

- Introduce the answer by briefing about National Manufacturing Mission
- Give Potential Impact of the National Manufacturing Mission
- Highlight key challenges associated with it
- Suggest how India's Global Competitiveness be enhanced with National Manufacturing Mission
- Conclude with linking to relevant SDGs.

Introduction:

The **National Manufacturing Mission (NMM)**, announced in the Union Budget 2025-26, aims to transform India's manufacturing sector by improving business ease, developing a skilled workforce, supporting MSMEs, and encouraging clean tech manufacturing.

Body:

Potential Impact of the National Manufacturing Mission:

- **Enhanced Global Competitiveness through Policy Support:** The mission's focus on easing business regulations and offering policy assistance can attract investments to India's manufacturing sector.
 - For example, the **Production-Linked Incentive (PLI) scheme** has already attracted significant investment in sectors like electronics, with companies like **Foxconn** and **Wistron** increasing their production capacities in India.
- **Building a Skilled Workforce for Industry 4.0:** The mission's emphasis on developing a future-ready workforce will provide the foundation for high-tech manufacturing. India's tech sector, especially in **electronics**, has seen growth due to similar upskilling initiatives.
 - For instance, India's **semiconductor ecosystem** is seeing a significant boost through initiatives like the **Semicon India Programme** which has earmarked ₹76,000 crore (\$9 billion) to build chip manufacturing facilities.
- **Support for MSMEs and Innovation:** The mission's special focus on MSMEs will help elevate their contribution to manufacturing.
 - The **increase in MSME credit guarantees from Rs 5 crore to Rs 10 crore** will help these enterprises access the capital they need to scale operations and meet international standards.
 - Additionally, India's **PLI scheme for textiles** has already spurred growth in the sector, showing the positive impact of targeted policy measures.

However, while it holds great potential, several challenges need addressing for it to effectively **elevate India's manufacturing prowess on the global stage, like:**

- **Logistics and Infrastructure Bottlenecks:** Despite progress, India's logistics costs are significantly higher than global standards.
 - According to the **Economic Survey 2022-23**, logistics costs in India stand at 14-18% of GDP, compared to around 8% in developed countries like the **US** and **Germany**.
 - Delays at ports, as seen in **Mumbai Port**, impact timely deliveries, hindering India's ability to meet global demand competitively.
- **Skill Gaps and Labor Challenges:** India's manufacturing sector faces a significant skills mismatch.
 - According to the **National Skill Development Corporation (NSDC)**, there is a shortfall of 29 million skilled workers in manufacturing sectors like **AI-driven production** and **semiconductor fabrication**.
 - Programs like **PMKVY** (Pradhan Mantri Kaushal Vikas Yojana) aim to address this, but the gap remains vast.

Dependence on Imports and Geopolitical Risks: India's heavy dependence on imports, especially from **China**, undermines its supply chain resilience.

- For instance, India imports **70% of its Active Pharmaceutical Ingredients (API)** from China.
- Disruptions in global supply chains, like those seen during the **US-China trade war**, have highlighted India's vulnerability.

Enhancing Global Competitiveness with National Manufacturing Mission:

- **Focus on High-Tech Manufacturing:** The NMM can enhance India's global position by driving growth in **high-tech industries** like **semiconductors**, **EVs**, and **renewable energy** technologies.
 - In the **EV sector**, India is already benefiting from initiatives like the **FAME II scheme**, which has led to significant investments from companies like **Tesla** and **BYD**.
- **Integration into Global Supply Chains:** By strengthening domestic production, especially in sectors like **solar manufacturing** and **green hydrogen**, India can reduce its reliance on imports and increase its export competitiveness.
 - For example, the **PLI scheme for solar manufacturing** has already attracted investments from **Indian Solar Manufacturers Association (ISMA)**, driving local production and reducing dependency on Chinese solar panels.
- **Incentivizing Innovation through R&D:** The NMM's focus on **innovation** and **R&D** can drive India's competitiveness.
 - A study by the **World Intellectual Property Organization (WIPO)** in 2023 showed that **India's patent filings** in clean tech and electric vehicles have increased significantly, signaling growth in R&D.

Conclusion:

Aligning this initiative with **SDG 9: Industry, Innovation, and Infrastructure** can pave the way for sustainable growth. As the Indian Prime Minister aptly put it, **"Make in India, Make for the World"**, this mission is a step towards positioning India as a global leader in manufacturing, driving both economic growth and global competitiveness.