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? Make in India Completes 12 Years as India Expands Manufacturing Capacity but Faces Value-Addition and Export Challenges

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Recent Developments:

- **Make in India**, launched on **25 September 2014**, completed 12 years in September 2026, with substantial expansion in electronics, automobiles, pharmaceuticals, steel, defence and renewable-energy manufacturing, while challenges remain in private investment, domestic value addition, employment and integration with global value chains.
- Manufacturing GVA at constant prices recorded a **10.88% CAGR during 2022-23 to 2025-26** under the revised national accounts series. The manufacturing sector contributes around 16–17% of GDP and employs more than 27 million workers.
- The **PLI schemes** across 14 sectors had attracted more than ₹2.40 lakh crore in investment, generated over ₹22.66 lakh crore in production and sales, supported more than ₹15.20 lakh crore in exports and created over 14 lakh direct and indirect jobs by June 2026.
- Recent policy measures have shifted attention from final-product assembly towards **domestic value addition, components, strategic technologies and complete manufacturing ecosystems**.

Make in India: Objectives and Evolution:

Core Objectives:

- Make in India was launched to transform India into a global hub for **manufacturing, design and innovation** by facilitating investment, fostering innovation, developing infrastructure and improving business processes.
- The initiative sought to address structural constraints affecting manufacturing, including regulatory complexity, infrastructure gaps, limited investment and inadequate integration with global production networks.
- **Make in India 2.0** currently covers 27 sectors, including 15 manufacturing and 12 services sectors, with implementation involving multiple ministries, departments and state governments.

Supporting Policy Architecture:

- The manufacturing ecosystem has been strengthened through **PLI schemes, National Single Window System, PM GatiShakti, GIS-enabled industrial land bank, FDI reforms, industrial corridors, public procurement measures and compliance rationalisation**.
- **PM GatiShakti** seeks to integrate multimodal infrastructure planning, while industrial parks and single-window systems aim to reduce logistical and regulatory bottlenecks.
- The policy approach has gradually moved from attracting investment towards building **sector-specific production capacity and value chains**.

Manufacturing Performance: Sectoral Transformation:

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Electronics and Mobile Manufacturing:

- Electronics production increased from approximately **₹1.9 lakh crore in 2014-15 to ₹13.11 lakh crore in 2025-26**, representing nearly a sevenfold increase.
- Mobile-phone production increased from about **₹18,000 crore to ₹6.27 lakh crore** during the same period, making India the world's second-largest mobile-phone manufacturer by volume.
- Domestic value addition in electronics has also increased, although industry estimates place it at around **18–20%**, indicating substantial scope for deeper component and sub-system manufacturing.
- PLI-supported electronics manufacturing has expanded beyond final assembly into **printed circuit board assemblies, batteries, camera modules, display modules and other sub-assemblies**.

Automobiles, Pharmaceuticals and Medical Devices:

- Vehicle production reached **31.03 million units in 2024-25**, around 33% above the 2014-15 level.
- India's pharmaceutical industry recorded annual turnover of **₹4,71,898 crore in 2024-25**, while domestic medical-device manufacturing increased from ₹28,000 crore in 2019-20 to ₹41,500 crore.
- Pharmaceutical PLI schemes have strengthened domestic production of critical APIs, bulk drugs, complex generics and high-value medicines, thereby addressing import dependence in selected segments.

Steel, Defence and Renewable Energy:

- Crude steel production increased from **81.7 million tonnes in 2014-15 to around 170 million tonnes in 2025-26**.
- Defence production increased from **₹46,429 crore in 2014-15 to ₹1.78 lakh crore in 2025-26**, indicating significant expansion of indigenous defence manufacturing.
- Solar-module manufacturing capacity expanded from **2.3 GW in 2014 to 192 GW by June 2026**, while solar-cell capacity increased from 1.2 GW to around 30 GW.
- Manufacturing capabilities are increasingly extending towards **strategic components and technologies**, including indigenous microprocessors for space applications and rare-earth permanent magnets.

Production Linked Incentive Scheme: Manufacturing as Policy Instrument:

Scale and Impact:

- The **PLI scheme** was introduced across 14 strategic sectors to incentivise incremental production and sales, attract investment, increase exports and generate employment.
- As of June 2026, PLI schemes had attracted over **₹2.40 lakh crore investment**, generated more than ₹22.66 lakh crore production and sales, supported over ₹15.20 lakh crore exports and created more than 14 lakh jobs.
- In electronics, PLI support has contributed to higher domestic production and a sharp decline in mobile-phone imports, while pharmaceutical PLI has promoted domestic manufacturing of critical products.

Concentration of Benefits:

- PLI gains remain concentrated in sectors such as **solar modules, pharmaceuticals, automobiles and components, speciality steel and large-scale electronics**.
- This concentration highlights the need to expand manufacturing incentives towards labour-intensive sectors, MSMEs and deeper component ecosystems.

Manufacturing and Global Value Chains:

India's Global Position:

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- The **Economic Survey 2025-26** estimated India's share at about **2.9% of global manufacturing GVA and 1.8% of global merchandise exports in 2024**.
- India's limited participation in global value chains is partly associated with relatively low backward participation, particularly in intermediate goods and components.
- Greater integration with global production networks can increase domestic value added and employment through scale effects, even when some intermediate inputs are initially imported.

Export Challenge:

- Non-petroleum goods exports increased substantially during the Make in India period, but India's share of global merchandise exports has remained comparatively modest.
- Therefore, **higher domestic production does not automatically translate into a proportional increase in global export share**.
- Export competitiveness depends on logistics costs, product quality, scale, technology, trade agreements, input availability and integration with multinational production networks.

Key Structural Challenges:

Investment and Capacity Utilisation:

- Private-sector investment remains critical because sustained manufacturing expansion requires **long-term capital formation**, not only government incentives.
- Manufacturing capacity utilisation has improved but remains an important constraint because sustained private investment generally requires adequate utilisation and credible demand conditions.
- Manufacturing FDI has not increased as rapidly as overall FDI across the period examined, indicating the need for greater sector-specific investment attractiveness.

Employment and Labour Intensity:

- Manufacturing expansion has generated substantial employment in selected sectors, but the transformation has not yet produced a proportionate increase in manufacturing's role in total employment.
- **Labour-intensive manufacturing**, particularly textiles, footwear, food processing, furniture and light engineering, can provide greater employment absorption if supported by skills, infrastructure and export access.

Domestic Value Addition:

- Higher output can coexist with significant dependence on imported components and intermediate goods.
- The strategic priority is therefore to move from **assembly-led manufacturing to component-led and technology-intensive manufacturing**.
- Electronics illustrates this challenge: production has expanded rapidly, but domestic value addition remains considerably lower than total gross production value.

Recent Policy Push: From Capacity to Strategic Ecosystems:

BHAVYA Industrial Parks:

- **Bharat Audyogik Vikas Yojana (BHAVYA)** has an outlay of **₹33,660 crore** for developing 100 investment-ready industrial parks over six years.
- The scheme emphasises plug-and-play infrastructure, multimodal connectivity, reliable utilities, digital governance and investor facilitation.
- BHAVYA is intended to reduce the time and infrastructure constraints associated with establishing manufacturing units.

Semicon 2.0:

- **Semicon 2.0**, approved in July 2026, has a total outlay of **₹1,27,500 crore** to strengthen India's semiconductor ecosystem.
- Its focus extends across **chip design, semiconductor equipment and materials, fabrication facilities, advanced packaging, research and development and talent development**.
- The approach seeks to build a complete semiconductor value chain rather than concentrating only on assembly or packaging.

Rare-Earth Permanent Magnets:

- The government has allocated **₹7,280 crore** for integrated manufacturing of sintered Nd-Fe-B rare-earth permanent magnets with a targeted capacity of **6,000 MTPA**.
- The measure addresses a strategic midstream gap between rare-earth processing and downstream applications in electric vehicles, wind turbines, electronics, aerospace and defence.

Way Forward:

From Production to Competitive Value Chains:

- India's manufacturing strategy needs to shift from simply increasing **gross production** towards building competitive domestic and internationally integrated value chains.
- Policy should prioritise **components, capital goods, industrial R&D, advanced materials, logistics, skills and technology diffusion** alongside final-product manufacturing.
- Greater participation in global value chains can provide scale, technology transfer, export opportunities and employment while domestic capabilities deepen.
- Manufacturing policy should simultaneously support **MSMEs and large firms**, because domestic suppliers are essential for achieving higher value addition.
- Stable regulations, predictable taxation, efficient logistics and faster approvals remain necessary to convert policy incentives into durable private investment.

Conclusion:

- Twelve years of Make in India have produced substantial manufacturing capacity across **electronics, automobiles, pharmaceuticals, steel, defence, renewable energy and strategic technologies**.
- The next challenge is qualitative rather than merely quantitative: India needs to convert production growth into **higher domestic value addition, stronger private investment, greater employment intensity and deeper global value-chain integration**.
- The effectiveness of the next phase will therefore depend on whether manufacturing ecosystems can move from final assembly towards **components, technology, capital goods, innovation and export competitiveness**.

Value Addition for UPSC:

GS Paper III Linkages:

- **Industrial Policy:** Make in India represents a shift towards targeted industrial policy through sector-specific incentives and infrastructure creation.
- **Employment:** Labour-intensive manufacturing can support India's employment transition and demographic dividend.
- **External Sector:** Export competitiveness requires deeper integration with global value chains and lower logistics and input costs.
- **Technology:** Semicon 2.0, electronics components and rare-earth magnets illustrate the movement towards strategic technology and critical-input security.

- **Infrastructure:** BHAVYA and PM GatiShakti demonstrate the importance of integrated industrial and multimodal infrastructure.
- **Atmanirbhar Bharat:** The policy increasingly emphasises resilience and domestic capability without completely disconnecting India from global production networks.
- **UPSC Mains Angle:** The central analytical question is not whether manufacturing output has increased, but whether **output growth is translating into domestic value addition, productive employment, investment and sustainable export competitiveness.**