

MAKE IN INDIA AND INDIA'S GLOBAL ECONOMY: A STUDYSatish Kumar ¹, Priti Gaurh ²¹ Professor, Department of Political Science Meerut College, Meerut Uttar Pradesh² Research scholar, Department of Political Science Meerut College, Meerut Uttar Pradesh**ABSTRACT**

Make in India is a significant industrial and economic policy initiative launched by the Government of India in 2014 with the objective of transforming India into a global manufacturing hub, attracting foreign investment, generating employment opportunities, and promoting exports. In an era characterized by globalization and increasing international economic competition, this initiative emerged as an important strategy to strengthen India's economic structure and enhance its position within the global economy. The present study aims to analyze the objectives, nature, operational framework, and impact of the *Make in India* initiative on India's evolving role in the global economy. The research seeks to examine how this policy has influenced India's manufacturing sector, foreign direct investment (FDI) inflows, export performance, and international economic relations. Furthermore, the study critically evaluates both the achievements and limitations of the initiative. Alongside assessing its contributions to industrial growth and economic development, the research also investigates the major challenges confronting the policy, including inadequate infrastructure, skill development constraints, technological dependence, administrative complexities, and intense global competition. Through this analysis, the study endeavors to provide a comprehensive understanding of the effectiveness of the Make in India initiative and its significance in shaping India's economic trajectory in the contemporary globalized world.

Keywords: Make in India, Global Economy, Manufacturing Sector, Foreign Direct Investment (FDI), Global Supply Chain, China Plus One Strategy.

Introduction

In the 21st century, globalization, liberalization, and technological advancement have significantly transformed the structure of the world economy. In the contemporary era, the economic strength of a nation is no longer determined solely by its natural resources or population; rather, it is increasingly based on its industrial capacity, technological development, participation in global trade, and ability to attract foreign investment. In this context, India adopted various economic reforms and industrial policies with the objective of strengthening its economic position and securing a more influential role in the global economy. As part of these efforts, the "Make in India" initiative was launched in 2014.

After the economic liberalization of 1991, India began to strengthen its integration with the

global economy. The liberalization process opened India's doors to foreign investment, privatization, and global trade, leading to significant transformations in the Indian economy. The service sector, particularly information technology and communication services, experienced rapid growth, and India gradually emerged as a global IT powerhouse. However, despite these developments, the manufacturing sector did not grow at the expected pace. Between 1991 and 2014, the contribution of the service sector to the Indian economy continued to increase, while the share of the manufacturing sector in Gross Domestic Product (GDP) remained around 15–16 percent. In contrast, China adopted a manufacturing-led development model and established its dominance in global production and export markets. China's industrial policies, low-cost labor force, strong infrastructure,

and export-oriented production system enabled it to become the “factory of the world.” During the same period, India continued to be recognized primarily as a consumer market and a service-based economy. One of the greatest challenges facing India was the creation of adequate employment opportunities for its rapidly growing youth population. Every year, millions of young people were entering the labor market, but the slow pace of industrial development was unable to generate sufficient jobs. Furthermore, India's dependence on imports, particularly in sectors such as electronics, defense equipment, and high-technology products, continued to increase. Under these circumstances, there was a growing realization that India needed to move beyond a service-sector-driven economy and transition toward a manufacturing-based economy. It was with this vision that the Government of India launched the “Make in India” initiative on 25 September 2014.

“Make in India” Policy – This policy cannot be viewed merely as an economic or industrial program; rather, it represents India's evolving strategic thinking within the global political economy. In the twenty-first century, the relationship between economic power and political influence has become increasingly significant. In the contemporary global order, nations with strong production capabilities, technological advancement, active participation in global trade, and a firm position in global supply chains are considered more influential. In this context, the Make in India initiative reflects India's strategy to position itself not merely as a developing consumer market but as a global manufacturing hub. The policy seeks to transform India into a major center of production and investment within the international economic system. Furthermore, Make in India embodies a combination of economic nationalism, globalization, and economic diplomacy, highlighting India's efforts to strengthen its economic competitiveness while deepening its integration with

the global economy. The concept of Make in India was founded on the premise that a strong manufacturing sector constitutes the foundation of long-term economic growth and sustainable development. Several countries, including China, South Korea, Japan, and Germany, have strengthened their economic capabilities through the expansion and modernization of their manufacturing sectors. Drawing inspiration from these successful models, India sought to promote manufacturing as a key driver of economic growth, industrial development, and global competitiveness.

At the time of the launch of the initiative, the contribution of the manufacturing sector to India's Gross Domestic Product (GDP) was approximately 15–16 percent. The Government of India set an ambitious target of increasing this share to 25 percent, thereby enhancing the sector's role in the national economy. In addition, the creation of large-scale employment opportunities for millions of young people entering the labor market was identified as one of the principal objectives of the initiative. Through the expansion of manufacturing activities, the program aimed to stimulate investment, boost productivity, promote technological advancement, and generate sustainable employment, thereby contributing to inclusive economic growth and strengthening India's position in the global economy. The Make in India initiative is multidimensional in nature. It is not confined merely to the establishment of industries; rather, it encompasses investment promotion, infrastructure development, skill creation, technological innovation, ease of doing business, and the strengthening of global partnerships. Under this program, the Government of India identified 25 key sectors for focused development, including automobiles, auto components, defense manufacturing, electronics, pharmaceuticals, biotechnology, railways, aviation, textiles, food processing, chemicals, renewable energy, and information technology. By providing targeted incentives and policy support to these sectors, the

government sought to position India as an attractive destination for investment and manufacturing activities.

One of the primary objectives of Make in India was to attract Foreign Direct Investment (FDI). The government recognized that foreign investment brings not only capital but also advanced technology, managerial expertise, and access to global markets. Consequently, significant efforts were made to liberalize FDI regulations across various sectors. Investment limits were increased in areas such as defense manufacturing, railway infrastructure, insurance, construction, and civil aviation, while several sectors were brought under the Automatic Route, thereby reducing regulatory barriers and approval requirements. These reforms made the investment process more transparent, efficient, and convenient for foreign investors, enhancing India's attractiveness as a global investment destination.

Second significant objective of the Make in India initiative was employment generation. India is one of the youngest nations in the world, with millions of young people entering the labor market every year. In such a scenario, reliance solely on the service sector was insufficient to meet the growing demand for employment opportunities. Recognizing this challenge, the initiative aimed to promote large-scale job creation through increased investment and expansion of manufacturing activities.

The program envisaged the generation of both direct and indirect employment by encouraging industrial growth and enhancing production capacities across various sectors. Particular emphasis was placed on labor-intensive industries such as automobiles, electronics, textiles, and food processing, which possess significant potential for absorbing a large workforce. By providing policy support, investment incentives, and a favorable business environment to these sectors, the government sought to expand employment

opportunities, improve livelihoods, and contribute to inclusive economic development. Thus, employment generation emerged as a central pillar of the Make in India initiative, linking industrial growth with broader socio-economic progress.

The third objective of the Make in India initiative was to enhance India's manufacturing competitiveness. In the contemporary global economy, competing successfully requires more than low production costs; it also depends on quality, innovation, and efficiency. Accordingly, the Government of India emphasized the promotion of research and development (R&D), innovation, and the adoption of advanced technologies. Special attention was also given to the development of industrial infrastructure. The establishment of industrial corridors, smart cities, logistics networks, and improved transportation facilities formed an integral part of this strategy. These measures were intended to strengthen India's manufacturing ecosystem and improve its position in global production networks.

To understand the working mechanism of the Make in India initiative, it is essential to examine its key components. First, the government introduced a series of Ease of Doing Business reforms aimed at creating an investment-friendly environment. Procedures for establishing businesses were simplified, online approval systems were introduced, and numerous licensing and regulatory processes were digitized. These reforms reduced bureaucratic hurdles and improved administrative efficiency. As a result, India's ranking in the Ease of Doing Business index improved significantly, enhancing investor confidence and increasing the country's attractiveness as a destination for do The second important component of the Make in India initiative was infrastructure development. The growth of the manufacturing sector requires a robust network of transportation, power supply,

communication systems, and logistics facilities.

To achieve this objective, major infrastructure projects such as the Delhi–Mumbai Industrial Corridor (DMIC), the Chennai–Bengaluru Industrial Corridor, the Amritsar–Kolkata Industrial Corridor, and several other industrial development projects were accelerated. The primary aim of these initiatives was to provide world-class infrastructure to industries, enhance connectivity, improve operational efficiency, and reduce production and transportation costs. By strengthening industrial infrastructure, the government sought to create a conducive environment for manufacturing and investment.

The third key component was skill development. The government recognized that a trained and skilled workforce is essential for the growth of modern industries and for improving productivity and competitiveness. Consequently, several skill development initiatives were integrated with the Make in India program. These included Skill India, Pradhan Mantri Kaushal Vikas Yojana (PMKVY), and various other vocational training programs. Through these initiatives, young people were provided with industry-oriented training designed to meet the evolving requirements of the manufacturing sector. The objective was to enhance employability, bridge the skill gap, and create a workforce capable of supporting India's industrial and economic transformation.

The Production Linked Incentive (PLI) Scheme emerged as one of the most significant initiatives under the Make in India program. The primary objective of this scheme is to provide financial incentives to companies that increase their manufacturing output within India. Several strategic sectors, including electronics, mobile phone manufacturing, pharmaceuticals, automobiles, advanced batteries, solar equipment, and

semiconductors, were brought under the ambit of the scheme. By encouraging domestic production and attracting new investments, the PLI scheme has contributed to enhancing India's manufacturing capacity, improving industrial competitiveness, and strengthening the country's position in global value chains.

Under the broader framework of the Make in India initiative, the Government of India established several ambitious goals aimed at accelerating industrial development and economic growth. These objectives included:

- Increasing the share of the manufacturing sector in Gross Domestic Product (GDP) to 25 percent.
- Generating approximately 100 million new employment opportunities.
- Raising the manufacturing growth rate to 12–14 percent annually.
- Attracting higher levels of Foreign Direct Investment (FDI).
- Transforming India into a global manufacturing hub.
- Improving India's performance in the Ease of Doing Business framework.
- Leveraging opportunities arising from the “China Plus One” strategy adopted by multinational corporations.
- Integrating Micro, Small, and Medium Enterprises (MSMEs) into global production and supply networks.

Collectively, these objectives reflect the government's vision of promoting industrialization, enhancing employment generation, increasing global competitiveness, and strengthening India's role in the international economic system.

Policy Reforms under the Make in India Initiative

Following the identification of 25 priority sectors under the Make in India initiative, the Government of India introduced a series of policy

reforms aimed at promoting investment, enhancing manufacturing capacity, and accelerating industrial development. These reforms were designed to create a favorable business environment, strengthen industrial competitiveness, and integrate India more effectively into the global economy. The major policy initiatives associated with Make in India include:

1. Liberalization of Foreign Direct Investment (FDI) Regulations- The government relaxed FDI norms across several sectors to attract greater foreign investment, facilitate technology transfer, and encourage industrial growth.

2. Digital India- This initiative was launched to promote digital infrastructure, improve digital governance, and enhance connectivity, thereby supporting industrial modernization and economic development.

3. Startup India- The program aims to foster innovation and entrepreneurship by providing financial support, regulatory simplification, and a conducive ecosystem for start-ups.

4. Skill India- Introduced to develop a skilled workforce capable of meeting the requirements of modern industries and improving employability among the youth.

5. Goods and Services Tax (GST)- The implementation of GST created a unified national market by simplifying the indirect tax structure, reducing compliance burdens, and improving business efficiency.

6. Ease of Doing Business Reforms- Various administrative and regulatory reforms were introduced to simplify business procedures, reduce bureaucratic hurdles, and enhance investor confidence.

7. Atmanirbhar Bharat (Self-Reliant India) Initiative - This initiative sought to strengthen domestic manufacturing, reduce import dependence, and enhance India's economic

resilience through self-reliance and innovation.

8. Production Linked Incentive (PLI) Scheme-

The scheme provides financial incentives to manufacturers based on incremental production, thereby encouraging investment and expanding domestic manufacturing capabilities.

9. Made in India Initiative- This approach emphasizes the promotion of domestically manufactured products and supports the development of indigenous industries to strengthen India's industrial base and global competitiveness.

These policy reforms collectively constitute the institutional and strategic framework of the Make in India initiative and play a crucial role in advancing India's objective of becoming a major global manufacturing and investment.

Make in India and India's Changing Role in the Global Economy

The Make in India initiative has significantly influenced India's economic structure, global trade position, and role in the international political economy. After 2014, India expanded its economic policy beyond the objective of domestic development and presented it as a broader global economic strategy. The policy aimed to transform India from a consumer-driven economy into a global manufacturing hub, an attractive investment destination, and a strategic economic power.

Contribution of the Manufacturing Sector to GDP – Under the Make in India initiative, the Government of India set a target of increasing the manufacturing sector's contribution to GDP to 25 percent by 2022 (later revised to 2025). According to available data, the manufacturing sector accounted for approximately 15.1 percent of India's GDP in 2014. Positive trends were observed in the manufacturing sector during the initial years of the initiative; however, a gradual decline in its share was witnessed thereafter. After 2018, the growth of the

manufacturing sector slowed considerably due to factors such as global economic uncertainties, weakening domestic demand, and rising production costs. In 2020, industrial activities were severely affected by the COVID-19 pandemic, resulting in widespread disruptions across the manufacturing sector. Following the pandemic, the Government of India sought to revive the manufacturing sector through various policy initiatives, including the Production Linked Incentive (PLI) Scheme, the National Logistics Policy, industrial corridors, digital infrastructure development, and the Atmanirbhar Bharat (Self-Reliant India) Mission. As a result of these initiatives, the manufacturing sector's overall contribution to GDP remained around 14 percent by 2025. This situation also indicates that the rapid growth of the service sector has contributed more significantly to the Indian economy than the manufacturing sector. Furthermore, challenges such as technological dependence, limited investment in research and development (R&D), high logistics costs, and intense global competition continue to constrain the growth of the manufacturing sector. Therefore, achieving the desired level of manufacturing contribution to GDP still requires long-term structural reforms, technological innovation, skill development, and increased investment.

Manufacturing Growth Rate and Exports –

Following the launch of the Make in India initiative, India's manufacturing sector experienced considerable fluctuations between 2014 and 2025. During the initial phase of the program, the manufacturing growth rate showed steady improvement, rising from approximately 5.4 percent to around 8 percent by 2016. However, during the COVID-19 pandemic, the growth rate declined significantly and reached a lower level. Subsequently, the Government of India introduced several policy reforms and sought to capitalize on

the opportunities arising from the China Plus One strategy. As a result of these efforts, the manufacturing sector's growth rate recovered and reached approximately 9.13 percent. After 2018, the United States–China trade war, rising labor costs in China, and increasing geopolitical tensions encouraged multinational companies to search for alternative manufacturing destinations. In addition, the COVID-19 pandemic exposed the vulnerabilities of global supply chains. It was under these circumstances that the concept of the “China Plus One Strategy” emerged. The primary objective of this strategy was to reduce excessive dependence on China and develop manufacturing bases in other countries. India viewed this development as a strategic economic opportunity and sought to capitalize on it through initiatives such as the Production Linked Incentive (PLI) Scheme, reforms in Foreign Direct Investment (FDI) regulations, and the Make in India program. Through these measures, the government aimed to attract global companies and increase investment in the domestic manufacturing sector. The most significant impact of this strategy was observed in the electronics manufacturing sector, where India emerged as an increasingly attractive destination for production and investment. This demonstrates that India is no longer merely a consumer market but is gradually emerging as an export-oriented manufacturing hub. In the financial year 2014–15, India's electronics production was valued at approximately ₹1.9 lakh crore, which increased to more than ₹11.3 lakh crore by 2024–25. During the same period, exports of electronic goods rose from ₹38,000 crore to ₹3.27 lakh crore, representing an almost eightfold increase. Similarly, the number of mobile manufacturing units in India increased from 2 in 2014–15 to approximately 300 by 2024–25. Mobile phone production expanded from ₹18,000 crore to ₹5.45 lakh crore, while exports increased from ₹1,500

crore to nearly ₹2 lakh crore. As a result, India has emerged as one of the leading countries in global mobile phone exports. Moreover, significant growth has also been witnessed in the defense sector. India's defense exports, which stood at approximately ₹1,940 crore in 2014, increased to more than ₹21,000 crore by 2024–25. This growth has strengthened India's strategic and industrial capabilities and enhanced its position in the global defense market.

In this context, the Government's Production Linked Incentive (PLI) Scheme emerged as a significant driver of this transformation. Launched in April 2020 with an outlay of ₹1.97 lakh crore across 14 strategic sectors, the scheme was designed to promote domestic manufacturing and enhance export competitiveness. Unlike the traditional subsidy-based approach, the PLI Scheme provides financial incentives to companies that:

- Increase production within India,
- Generate additional manufacturing output, and
- Expand their export performance.

According to available data, by 2025, a total of 806 applications had been approved across the 14 sectors covered under the scheme. The initiative facilitated investments worth approximately ₹1.76 lakh crore, while cumulative production reached ₹16.5 lakh crore. Furthermore, the scheme contributed to the creation of more than 1.2 million direct and indirect employment opportunities. These outcomes highlight the significant role of the PLI Scheme in strengthening India's manufacturing base, attracting investment, and promoting export-led industrial growth.

Foreign Direct Investment (FDI) – Following the launch of the Make in India initiative, India witnessed a significant increase in Foreign Direct Investment (FDI) inflows. Between 2014–15 and 2024–25, India attracted approximately US\$ 748.78 billion in FDI, which was about 143 percent higher

than the amount received during the preceding period from 2003–14. This growth reflects the impact of India's investment-friendly policies, liberalized FDI regulations, reforms in the manufacturing sector, and the overall effectiveness of the Make in India program. A major objective of the Make in India initiative was to transform India into a Global Manufacturing Hub. Under this policy, the Government of India liberalized FDI regulations in sectors such as defense, insurance, railways, construction, electronics, and single-brand retail. In addition, the introduction of the Goods and Services Tax (GST), reductions in corporate tax rates, the implementation of the Production Linked Incentive (PLI) Scheme, and various Ease of Doing Business reforms enhanced investor confidence and improved the overall business environment. As a result, India's annual FDI inflows increased from US\$ 45.15 billion in 2014–15 to approximately US\$ 81.04 billion in 2024–25.

The increase in FDI inflows particularly benefited sectors such as services, computer software and hardware, automobiles, telecommunications, and electronics manufacturing. Investments by global companies such as Apple, Samsung, and Foxconn in electronics and mobile manufacturing helped establish India as an alternative manufacturing destination under the "China Plus One" strategy. Furthermore, the number of source countries contributing FDI to India increased from 89 countries in 2014 to 112 countries by 2025, reflecting India's growing acceptance and integration within the global economy. Therefore, it can be argued that the Make in India initiative has played a significant role in attracting Foreign Direct Investment (FDI) into India. Although the manufacturing sector's contribution to GDP has not yet reached the government's target of 25 percent, the substantial increase in FDI inflows has strengthened India's industrial capacity, enhanced its

attractiveness as a global investment destination, and improved its overall economic competitiveness.

Global Supply Chain Politics – The contemporary phase of the global economy is no longer limited to the trade of goods and services; it is increasingly characterized by competition for control and influence over Global Supply Chains. Today, a country's economic power depends not only on its production capacity but also on the extent to which it occupies a significant position within Global Production Networks and Global Value Chains (GVCs). The COVID-

19 pandemic, the United States–China trade war, the Russia–Ukraine War, and the Red Sea crisis exposed the vulnerabilities and disruptions inherent in global supply chains. As a consequence, multinational corporations and developed economies adopted diversification strategies within their supply chains, commonly referred to as the “China Plus One” approach. Within this evolving global landscape, India has emerged not merely as an alternative manufacturing destination but also as a significant geopolitical actor in global supply chain politics. India's role is becoming increasingly important at the economic, strategic, and political levels. Its expanding manufacturing capabilities, growing integration into global value chains, and strategic geographic position have enhanced its relevance in the reconfiguration of international production and supply networks. As a result, India is increasingly viewed as a key participant in shaping the future dynamics of the global economy and international supply chain governance. Supply Chain Politics refers to the political and strategic processes through which countries influence the flow of global production, trade, and resources. In the contemporary world, products such as semiconductors, rare earth minerals, energy resources, pharmaceuticals, and electronic goods are no longer viewed merely as commercial

commodities; rather, they have become strategic assets with significant economic and geopolitical importance. Today, countries such as the United States, China, European Union, Japan, and India consider supply chain security to be an integral component of national security. Consequently, the restructuring of global supply chains is no longer driven solely by economic considerations; it has become an important element of broader geopolitical strategy. Governments increasingly seek to secure access to critical resources, diversify production networks, reduce strategic dependencies, and strengthen economic resilience in an uncertain international environment.

India's greatest strengths lie in its vast domestic market, youthful workforce, democratic system of governance, and strategic geographical location. Government initiatives such as Make in India, the Production Linked Incentive (PLI) Scheme, the National Logistics Policy, the Semiconductor Mission, digital infrastructure development, ease of doing business reforms, and large-scale investments in infrastructure have played a crucial role in positioning India as a global manufacturing hub. As a result, global investment has increased significantly in sectors such as electronics, automobiles, pharmaceuticals, defense, semiconductors, and renewable energy. Investments by companies such as Apple, Foxconn, Pegatron, and Samsung have expanded manufacturing facilities in India, enabling the country to become an important part of the global electronics supply chain. Similarly, investments by Micron Technology have facilitated India's entry into the global semiconductor supply chain. A close relationship can be observed between the China Plus One strategy and India's growing supply chain capabilities. While multinational corporations previously relied heavily on China for the production of components and finished goods, they are now increasingly expanding their

manufacturing, assembly, research and development (R&D), and export activities in India. This shift has strengthened India's position within global export networks and has also provided new momentum to the country's economic diplomacy.

Economic Diplomacy – The Make in India initiative, launched in 2014, is generally viewed as an industrial development program; however, in reality, it has also served as an important instrument of India's economic diplomacy. From this perspective, Make in India has created a strong linkage between India's foreign policy and economic policy. After 2014, India sought to establish itself as a reliable manufacturing hub and investment destination by expanding economic, technological, and industrial cooperation with major global powers and regional partners. Within India's economic diplomacy, cooperation with Japan acquired particular significance. The Special Strategic and Global Partnership developed between India and Japan provided a practical foundation for the implementation of the Make in India initiative. Japan made substantial investments in the development of industrial infrastructure, logistics networks, and industrial corridors across India. In particular, the Delhi–Mumbai Industrial Corridor (DMIC) project was designed to create a world-class manufacturing ecosystem and strengthen India's industrial competitiveness. This project accelerated the development of industrial townships, freight transport corridors, and export-oriented manufacturing centers. Japanese investment strengthened the automobile, machinery, and electronics industries and played a significant role in integrating India into East Asian production networks. This demonstrates that India's economic diplomacy was not limited to trade alone; rather, it also aimed at expanding production capacity and integrating the country into global supply chains. Relations with the United States also

witnessed the emergence of Make in India as a central element of bilateral cooperation. India and the United States expanded collaboration in sectors such as defense manufacturing, semiconductors, artificial intelligence, advanced manufacturing, and digital technologies. The economic dimension of the India–United States strategic partnership was based on the objective of integrating India into global high-technology manufacturing networks. In the defense sector, policies promoting co-production and co-development encouraged foreign companies to establish manufacturing facilities in India. These initiatives facilitated technology transfer, enhanced skill development, and strengthened local manufacturing capabilities, thereby contributing to the growth of India's industrial and technological base. Similarly, the Comprehensive Economic Partnership Agreement (CEPA) implemented in 2022 between India and the United Arab Emirates is regarded as a significant achievement of India's economic diplomacy. The agreement provided Indian manufactured products with improved access to markets in West Asia and encouraged investment in sectors such as logistics, food processing, engineering, and pharmaceuticals. The UAE emerged not only as a major trading partner for India but also as a strategic gateway to the markets of West Asia and Africa. Thus, through economic diplomacy, India created new export opportunities for its manufacturing sector.

Likewise, the Economic Cooperation and Trade Agreement (ECTA) between India and Australia has been important in the context of Make in India. India's industrial strategy has been particularly focused on the development of electric vehicles, battery manufacturing, and semiconductor industries. To secure the supply of lithium, cobalt, and other critical minerals required for these sectors, India expanded cooperation with Australia. This demonstrates that India's economic diplomacy was

not confined to attracting investment alone; it also sought to ensure the availability of essential resources and raw materials necessary for the growth of domestic manufacturing industries.

India's economic diplomacy with the European Union has promoted cooperation in the fields of green technology, sustainable development, and advanced manufacturing. India strengthened its partnerships with the European Union and its member states in areas such as clean energy, digital infrastructure, industrial innovation, and skill development. These collaborations have helped Indian industries align with global standards and enhance their competitiveness in international markets. Furthermore, India's participation in initiatives such as the Supply Chain Resilience Initiative (SCRI), in collaboration with Japan and Australia, has contributed to establishing India as a reliable alternative manufacturing destination. This initiative was significant not only from an economic perspective but also from a geopolitical standpoint, as its objective was to make global supply chains more secure, resilient, and diversified. Therefore, it can be argued that Make in India was not merely an industrial policy; rather, it represented a practical manifestation of India's economic diplomacy. Through this initiative, India sought to strengthen international economic partnerships, attract investment, expand manufacturing capabilities, and enhance its integration into global production and supply networks. Through this initiative, India developed economic partnerships with countries and regions such as Japan, United States, United Arab Emirates, Australia, the European Union, and others. These relationships were aimed at attracting foreign investment, facilitating technology transfer, increasing exports, enhancing participation in global value chains, and establishing India as a major global manufacturing hub. Thus, economic diplomacy and the Make in India initiative proved to

be complementary to one another. Together, they played a significant role in strengthening India's manufacturing sector and enhancing its position in the global economy. Through the integration of foreign policy objectives with industrial and economic strategies, India was able to expand international cooperation, improve its industrial capabilities, and reinforce its standing as an emerging economic power in the contemporary global order.

Challenges

Limited Contribution of the Manufacturing Sector to GDP- One of the primary objectives of the Make in India initiative was to increase the share of the manufacturing sector in India's Gross Domestic Product (GDP) to 25 percent. However, even after more than a decade, this target has not been fully achieved. The major reasons include limitations in industrial productivity, regional disparities in investment, and relatively low participation in high value-added manufacturing activities. As a result, India continues to remain predominantly a service-oriented economy, whereas countries such as China, South Korea, and Vietnam have achieved more rapid industrial progress through manufacturing-led development models.

High Logistics Costs and Transportation-Related

Challenges- The success of any manufacturing economy in the global marketplace depends significantly on the efficiency of its logistics system. In India, logistics costs have long remained between 14–18 percent of GDP, whereas in most developed economies they generally range between 8–10 percent. High transportation costs, delays at ports, inadequate coordination between rail and road networks, and deficiencies in last-mile connectivity increase the overall cost of Indian products. Consequently, Indian manufacturers often face difficulties in competing with countries such as China, Vietnam, and South Korea in global markets.

These logistical constraints continue to pose a significant challenge to enhancing India's manufacturing competitiveness and export performance.

The Problem of Skill Gap- Although India possesses a large and youthful population, the shortage of adequately trained human resources remains a serious challenge. Modern manufacturing sectors such as semiconductors, robotics, artificial intelligence, and advanced electronics require highly specialized skills and technical expertise. Studies indicate that the proportion of formally skilled workers in India is considerably lower than that of many developed countries. This skill gap adversely affects productivity and creates obstacles to attracting high-technology investments. Consequently, the availability of a sufficiently skilled workforce continues to be a critical requirement for the successful implementation of the Make in India initiative.

Low Investment in Research and Development (R&D)- Global manufacturing competitiveness is determined not only by production capacity but also by innovation and technological advancement. India's expenditure on Research and Development (R&D) remains around 0.7 percent of GDP, which is significantly lower than that of countries such as China and the United States. Due to relatively low investment in research and innovation, India lags behind in the development of high-value technological products and continues to depend on foreign technologies in several critical sectors. This situation poses a significant challenge to achieving long-term industrial self-reliance and technological leadership.

Limited Participation in Global Value Chains (GVCs)- The contemporary global production system is highly fragmented, with different countries specializing in specific stages of the

production process. Although India has increased its presence in Global Value Chains (GVCs), its participation remains largely concentrated in the assembly of final products. India's involvement in higher value-added activities such as product design, research and development, and the manufacturing of advanced components is relatively limited. As a result, the country is unable to fully capture the economic benefits associated with deeper integration into global production networks. Enhancing participation in these high-value segments remains essential for strengthening India's manufacturing competitiveness and long-term industrial growth.

Land Acquisition and Regulatory Complexities- Although significant improvements have been made in the area of Ease of Doing Business, challenges related to land acquisition, environmental clearances, and administrative procedures continue to impede industrial development. Many investment projects face delays due to lengthy approval processes and regulatory requirements, preventing them from commencing operations on schedule. These delays increase project costs for investors and adversely affect India's overall competitiveness as an investment destination. Therefore, addressing regulatory bottlenecks and streamlining approval mechanisms remain important priorities for achieving the objectives of the Make in India initiative.

Global Competition- India faces intense competition from countries such as China, Vietnam, Thailand, and Malaysia in attracting global investment. These countries have achieved remarkable success in the manufacturing sector through strong export infrastructure, skilled labor forces, and well-developed supply chains. In particular, Vietnam has strengthened its position by attracting substantial global investment in electronics manufacturing. To remain competitive and attract greater investment, India must continue to improve productivity, product

quality, and logistics efficiency.

Supply Chain Dependence and Global Risks- The COVID-19 pandemic and various geopolitical conflicts have demonstrated that India continues to depend on imports for several critical raw materials and electronic components. Disruptions in global supply chains can adversely affect domestic production and industrial activities. Therefore, the diversification of supply sources and the expansion of domestic manufacturing capabilities are essential for reducing vulnerabilities and enhancing economic resilience. Strengthening local production ecosystems and ensuring greater self-reliance in critical sectors will be crucial for sustaining long-term industrial growth and supply chain security.

Financial and Technological Challenges Faced by Micro, Small and Medium Enterprises (MSMEs)- Micro, Small and Medium Enterprises (MSMEs) play a vital role in India's manufacturing sector. However, these enterprises often face significant challenges in accessing adequate finance, modern technologies, and global markets. Limited availability of capital, technological constraints, and difficulties in integrating with international production networks restrict their growth potential. Unless sufficient financial, technological, and institutional support is provided to MSMEs, the benefits of the Make in India initiative may not reach the broader industrial ecosystem. Strengthening MSMEs is therefore essential for achieving inclusive industrial development and sustainable manufacturing growth.

Environmental Sustainability- Maintaining a balance between industrial development and environmental protection has become a major challenge in the contemporary era. With the expansion of industrialization, it has become increasingly important to promote pollution control, energy efficiency, reduction in carbon emissions, and the adoption of green

manufacturing practices. Furthermore, environmental standards are gaining greater significance in global markets, influencing trade, investment, and industrial competitiveness. Therefore, ensuring environmental sustainability is crucial for the long-term success of the Make in India initiative and for achieving sustainable economic development.

Conclusion: Despite the significant achievements of the Make in India initiative, several challenges continue to persist. The contribution of the manufacturing sector to GDP has not yet reached the targeted level. Issues such as high logistics costs, difficulties in land acquisition, regulatory complexities, skill gaps, limited investment in research and development (R&D), and relatively low participation in Global Value Chains (GVCs) continue to affect the pace of the program. Furthermore, competition from countries such as China, Vietnam, and other Asian economies remains a significant challenge for India. As a result, the country has not yet been able to fully realize its industrial potential and investment attractiveness. Nevertheless, India possesses substantial potential to emerge as a major global manufacturing power in the future. Its large domestic market, youthful population, expanding digital infrastructure, increasing investment, political stability, and strategic geographical location provide significant advantages. If the government continues to focus on infrastructure development, skill formation, technological innovation, research and development, and trade-related reforms, India can play a more influential role in global production networks. In particular, sectors such as semiconductors, artificial intelligence, electric vehicles, green energy, defense manufacturing, and high-technology industries present significant opportunities for future growth. By effectively leveraging these opportunities and addressing existing structural challenges, India can strengthen

its position in the global economy and advance its objective of becoming a leading manufacturing and investment destination.

Ultimately, it can be argued that the Make in India initiative has laid the foundation for a significant transformation in India's economic structure. The program has helped establish India as an emerging manufacturing hub among global investors, multinational corporations, and international economic institutions. Although its objectives have not yet been fully achieved, the initiative has made a substantial contribution to strengthening India's industrial capacity, economic diplomacy, and position within the global economy. If the current reforms are sustained and the existing challenges are effectively addressed, India is likely not only to further strengthen its position among the world's leading economies but also to emerge as a central pillar of the global manufacturing and supply chain system in the years ahead.

"Make in India is not merely an industrial campaign; it is a long-term national development strategy aimed at establishing India as a strong, competitive, and self-reliant manufacturing nation within the global economy. Its success will decisively influence India's economic strength, international standing, and role in the world economy of the twenty-first century."

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