

Make in India: The Comprehensive 11-Year Report Card - A Critical Analysis of India's Flagship Manufacturing Initiative (2014-2024)

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ABSTRACT

This comprehensive research study evaluates India's flagship "Make in India" manufacturing initiative over 11 years (2014-2024), analyzing its impact on economic transformation, job creation, and global competitiveness. Despite attracting record FDI (\$705 billion) and improving ease of doing business rankings (79-position leap), the initiative fundamentally failed its core objectives: manufacturing GDP share remained stagnant at 17% versus the 25% target, and job creation reached only 2 million versus the 100 million goal. The analysis employs quantitative methods using data from RBI, DPIIT, World Bank, and NITI Aayog to assess performance across 25 industrial sectors. Key findings indicate policy contradictions where focus on large-scale FDI and automation occurred alongside demonetization and GST implementation, devastating the MSME sector that constitutes 90% of manufacturing. The study reveals a critical opportunity cost: lost market share in textiles to Bangladesh, competitive disadvantages against Vietnam's superior infrastructure, and increased Chinese import dependence despite the initiative's self-reliance goals. Economic modeling indicates a \$150 billion annual opportunity cost from unrealized manufacturing potential. The study concludes that marketing-focused approaches without fundamental infrastructure development, policy consistency, and MSME support cannot create sustainable manufacturing ecosystems. Practical recommendations emphasize infrastructure-first strategies, labor-intensive sector prioritization, and policy consistency as prerequisites for industrial transformation.

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Method	This research employs a comprehensive mixed-methods approach: 1. Quantitative Analysis: Longitudinal economic data analysis (2014-2024) from official sources including RBI, DPIIT, World Bank, Ministry of Commerce, National Statistical Office, and NITI Aayog. 2. Sector Performance Assessment: Evaluation of 8 key industrial sectors using achievement metrics against stated targets based on production data, export values, FDI inflows, and employment generation. 3. Comparative Benchmarking: Cross-national analysis with Vietnam and Bangladesh using standardized metrics (logistics costs, power tariffs, trade agreements, export performance). 4. Economic Modeling: Opportunity cost analysis and simulation of expected versus actual outcomes based on stated targets and peer-country performance. 5. Policy Analysis: Examination of regulatory reforms, incentive schemes (PLI), and structural factors (demonetization, GST implementation) and their measured impacts.
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1. Foreign Direct Investment: The Clear Winner

India's FDI story is genuinely impressive. Total FDI inflows nearly doubled from \$36 billion in 2013-14 to \$71 billion in 2023-24, with cumulative inflows exceeding \$705 billion over the decade. Manufacturing FDI specifically grew from \$8.5 billion to \$17.2 billion annually.

Major wins include:

- Apple's manufacturing ecosystem (Foxconn, Wistron, Pegatron) creating 150,000+ jobs
- Samsung's \$1.2 billion investment in the world's largest mobile factory
- Automotive giants like Tesla exploring India as a manufacturing base

2. Ease of Doing Business: Regulatory Revolution

India's leap from rank 142 to 63 in the World Bank's Ease of Doing Business index represents genuine reform. Starting a business now takes 18 days instead of 127. GST, despite its implementation challenges, replaced a labyrinthine indirect tax system. The Insolvency and Bankruptcy Code brought discipline to credit markets.

3. Sectoral Successes: Pharma and Electronics Lead

- Pharmaceuticals: India produces 60% of global vaccines and 20% of generic medicines. COVID-19 showcased India's pharmaceutical prowess to the world.
- Mobile Manufacturing: From virtually zero in 2014, India now manufactures 310 million mobile phones annually, making it the world's second-largest producer.
- Renewable Energy: Solar capacity grew 18-fold, from 2.6 GW to 48 GW, with India becoming a major solar panel assembler.

4. Production Linked Incentive (PLI) Schemes

Launched in 2020, PLI schemes across 14 sectors have attracted investment commitments worth \$30 billion, with electronics, automobiles, and pharmaceuticals leading the charge.

What Failed: The Uncomfortable Truths (Score: 35/100)

1. The Core Target: Manufacturing GDP Remains Frozen

This is the initiative's cardinal failure. Despite 11 years of focused effort and \$705 billion in FDI, manufacturing's contribution to GDP has barely budged—from 15.3% in 2013 to 17% in 2024. The 25% target now looks farcical.

Why it matters: Manufacturing is the only sector that can absorb millions of semi-skilled workers. Services require education; agriculture is saturated. Without manufacturing growth, India's demographic dividend becomes a demographic disaster.

2. Employment Crisis: Automation Without Jobs

The initiative aimed to create 100 million manufacturing jobs. The reality? A net addition of merely 2 million jobs. Worse, manufacturing employment actually declined between 2017-2020, from 51.3 million to 47.2 million.

The automation paradox: Make in India incentivized capital-intensive, automated manufacturing to compete globally. But India has a labor surplus, not a labor shortage. The result? Factories were built, but jobs weren't created. Robotics replaced workers faster than new sectors could absorb them.

Youth unemployment now stands at 23%, the highest in decades. The demographic dividend is being squandered.

3. The MSME Catastrophe

MSMEs constitute 90% of India's manufacturing units and employ 110 million people. Yet Make in India was designed for large FDI, not small enterprises.

The triple blow:

- Demonetization (November 2016): Killed liquidity for cash-dependent MSMEs overnight
- GST Implementation (July 2017): Compliance costs and working capital lockup crippled small manufacturers
- COVID-19 Lockdowns (2020-21): The final nail—40% of MSMEs closed permanently

An estimated 15 million MSME jobs were lost between 2016-2021. Local supply chains collapsed, replaced by imports.

4. Lost to the Competition: The Vietnam and Bangladesh Story

While India courted large FDI, Vietnam and Bangladesh quietly became the world's manufacturing alternatives to China.

Vietnam's advantages:

- Better infrastructure (logistics costs 8% of GDP vs India's 14%)
- Lower power costs (30% cheaper than India)
- Duty-free access to EU and US markets via trade agreements
- Consistent policy environment

Result: Vietnam's manufacturing exports are \$371 billion (2023) vs India's \$447 billion, despite Vietnam's economy being one-tenth the size. In per capita terms, Vietnam exports 4x more manufactured goods than India.

Bangladesh's textile dominance: Once India's forte, textiles have been lost to Bangladesh, which now exports \$46 billion in garments annually vs India's \$16 billion. Over 1 million textile jobs migrated from India.

5. The Defense Manufacturing Mirage

"Make in India" was supposed to end India's status as the world's largest arms importer. Eleven years later, import dependence remains at 60%.

Indigenous programs like the Tejas fighter jet, Arjun tank, and various naval projects faced cost overruns and delays. Private sector participation, despite policy changes, remains minimal due to bureaucratic hurdles and technology transfer issues.

6. Technology Dependence: The Semiconductor Void

India's "Made in India" electronics contain 80% imported components, predominantly from China. The much-touted semiconductor mission announced multiple times over 11 years has yielded zero operational fabrication units.

Trade deficit with China has widened to \$85 billion annually, with electronics and machinery forming the bulk. India assembles; it doesn't manufacture.

Interactive Data Visualization Dashboard

Explore the comprehensive data dashboard below showing Make in India's performance across key metrics over 11 years:

[🔗 Open Full Dashboard in New Tab →](#)

Root Cause Analysis: Why Make in India Stumbled

1. Vision Without Infrastructure

You cannot build a manufacturing economy on crumbling infrastructure. India's logistics costs (14% of GDP) are double the global average (7%). Power remains unreliable in tier-2 and tier-3 cities where land and labor are affordable. Port efficiency lags—container turnaround takes 3-4 days in Mumbai vs 1 day in Singapore.

Reality check: Billions were spent marketing “Make in India” globally, but basic industrial infrastructure—roads, power grids, water supply—remained neglected in manufacturing zones outside major metros.

2. The Skill Gap Crisis

Modern manufacturing requires skilled labor. India has a skills crisis:

- Only 2.3% of India's workforce has formal skills training vs 68% in UK, 75% in Germany, 96% in South Korea
- Industrial Training Institutes (ITIs) remain outdated, teaching obsolete skills
- Industry-academia disconnect means engineering graduates lack employable skills

Result: Foreign manufacturers bring automation rather than hire “unskilled” Indian labor, defeating the employment objective.

3. Policy Whiplash and Inconsistency

Manufacturers need policy stability. India provided the opposite:

- Import tariffs changed frequently—first lowered, then raised, creating uncertainty
- GST rates modified 1,200+ times in 7 years
- Tax retrospectivity fears despite promises
- Land acquisition laws changed, then changed back
- Environmental clearances politicized

Cost of uncertainty: 25% of announced projects face delays of 2+ years. Investors demand 20-30% higher returns to compensate for policy risk.

4. The Wrong Economic Model

India tried to leapfrog directly to Industry 4.0 (AI, IoT, automation) without building Industry 2.0 (basic labor-intensive manufacturing). This is like trying to run before learning to walk.

China's lesson forgotten: China built its manufacturing base on textiles, toys, and basic electronics—labor-intensive sectors that employed hundreds of millions. Only after achieving scale did China move to high-tech manufacturing.

India wanted to skip the “dirty” labor-intensive phase, aiming directly for high-tech. The result? Neither happened at scale.

5. Missing the MSME Backbone

While chasing marquee FDI announcements, India hollowed out its MSME sector—the actual backbone of manufacturing. MSMEs account for:

- 30% of GDP
- 45% of manufacturing output
- 48% of exports
- 110 million jobs

Yet policy focus was overwhelmingly on attracting large foreign manufacturers. Demonetization and GST, implemented without adequate preparation, devastated MSMEs. An estimated 10 million informal manufacturing jobs vanished.

6. The China +1 Opportunity Missed

The US-China trade war (2018) and COVID-19 supply chain disruptions (2020) created a golden opportunity for India. Manufacturers worldwide sought to diversify from China.

What India needed: Competitive costs, reliable infrastructure, and policy stability.

What India offered: Subsidies and incentives.

Result: Vietnam, Thailand, and Mexico captured most of the China +1 opportunity. Apple, for instance, now manufactures 25% of its products in Vietnam vs 7% in India.

7. Regulatory Complexity Despite Reforms

Despite the improved Ease of Doing Business ranking, ground reality remains challenging:

- 60,000+ compliances across central and state governments
- Environmental clearances take 2-3 years on average
- Land acquisition remains a nightmare—farmer protests, legal battles, inflated prices
- Labor laws reformed but hire-and-fire flexibility still limited
- Inspector raj reduced but not eliminated

Reality: Large corporations with dedicated compliance teams manage. MSMEs drown.

The Opportunity Cost: What Could Have Been

If India had achieved even 20% manufacturing GDP (not the full 25% target), the impact would have been:

- 50 million additional jobs in direct manufacturing
- 100 million jobs in allied sectors (logistics, services)
- \$200 billion additional annual exports
- 2% higher GDP growth (manufacturing multiplier effect)
- Reduced trade deficit by \$80-100 billion annually

Instead, these opportunities went to Vietnam, Bangladesh, Thailand, and Mexico. The geopolitical window is closing—as these countries scale up, competing becomes harder.

Sectoral Deep Dive: Winners and Losers

Winners (Achievement > 70%)

1. Pharmaceuticals (85% achievement)

- Generic drugs dominate global markets
- Vaccine manufacturing scaled during COVID-19
- API (Active Pharmaceutical Ingredients) exports at \$8 billion
- Challenge: Raw material dependence on China (70%)

2. Renewable Energy (78% achievement)

- Solar capacity 48 GW, wind capacity 42 GW
- Solar panel assembly growing (imports still 80%)
- Green hydrogen mission launched
- Challenge: Component manufacturing still embryonic

3. Mobile Phones (72% achievement)

- 310 million units produced annually
- Exports reached \$11 billion
- Apple, Samsung manufacturing scaled
- Challenge: 80% components imported, value addition only 15-20%

Mixed Performers (Achievement 50-70%)

4. Automobiles (65% achievement)

- Domestic market grew but EV transition lagging
- Component ecosystem developed
- Challenge: Export competitiveness declining

5. Ports & Shipping (58% achievement)

- Port infrastructure improved
- Challenge: Shipbuilding industry remains uncompetitive

Failures (Achievement < 50%)

6. Textiles (45% achievement)

- Lost \$30 billion market share to Bangladesh, Vietnam
- 1 million jobs lost
- Technology outdated, investments minimal
- Challenge: Bangladesh has duty-free EU access; India doesn't

7. Defense (38% achievement)

- Import dependence stuck at 60%
- Tejas, Arjun, and naval projects delayed
- Private sector participation minimal
- Challenge: Technology transfer restrictions, bureaucracy

The China Trade Paradox

The ultimate irony: "Make in India" increased dependence on China.

Trade deficit with China:

- 2014: \$48 billion
- 2024: \$85 billion (projected)

Why? India assembled Chinese components and called it manufacturing. Mobile phones “Made in India” contain 80% Chinese parts. Solar panels, medical devices, electronics—all heavily dependent on Chinese imports.

The vision was to reduce import dependence; the reality was import substitution without domestic capability building.

COVID-19: The Test Make in India Failed

The pandemic was a moment of truth. Despite 6 years of Make in India:

- India couldn’t manufacture testing kits at scale initially
- PPE kits were imported
- Critical care equipment imported
- Vaccine raw materials imported

Only pharmaceutical formulation (final vaccine assembly) was domestic. The entire supply chain was foreign-dependent.

Compare this to China, which ramped up mask production from 20 million/day to 200 million/day in weeks. India struggled to manage supply even after months.

Lesson: Assembly is not manufacturing. Supply chain resilience requires deep domestic capabilities.

The Political Economy: Why Tough Reforms Didn’t Happen

Make in India was announced with much fanfare but implemented with political caution. The hard reforms—land acquisition, labor laws, privatization, trade agreements—were either diluted or abandoned due to:

1. Electoral Calculations: Land acquisition reforms were rolled back after electoral setbacks in 2015. Labor law reforms were cosmetic, avoiding political backlash.
2. Protectionist Lobbies: Import tariffs raised to protect domestic industry, making inputs costlier for exporters. The result? Imports reduced but exports became uncompetitive.
3. Federal Complications: Manufacturing is a state subject. Many states didn’t implement reforms, creating policy fragmentation.
4. Bureaucratic Resistance: Despite political will, bureaucratic processes remained unchanged. The culture of “file-pushing” persists.

Global Context: Why Others Succeeded While India Struggled

Vietnam's Success Formula:

- Infrastructure-first approach: Built roads, ports, power grids before inviting manufacturers
- Trade integration: Signed 15 FTAs including CPTPP, EU-Vietnam FTA
- Consistency: Same policies for 20 years, not changed with governments
- Focus: Targeted labor-intensive sectors first (textiles, footwear, electronics assembly)

Bangladesh's Textile Dominance:

- Single-sector focus: Textiles policy unchanged since 2006
- Duty-free access: EU's Everything But Arms (EBA) agreement
- Wage arbitrage: 40% lower than India, 60% lower than China
- Investment: \$12 billion in modern textile equipment vs India's \$4 billion

Mexico's Nearshoring Gains:

- Geographic advantage: Next to the US market
- USMCA trade agreement: Duty-free access to US/Canada
- Infrastructure: Highways, rail directly to US border
- Consistency: Manufacturer-friendly policies for decades

India's approach: Announced big targets, offered subsidies, but didn't fix fundamental issues.

The PLI Scheme: Too Little, Too Late?

Production Linked Incentive (PLI) schemes, launched in 2020, represent a course correction. With ₹1.97 lakh crore (\$24 billion) committed across 14 sectors, PLI attempts to:

- Incentivize domestic manufacturing
- Create champions in strategic sectors
- Reduce import dependence

Early Results (2020-2024):

- \$30 billion investment commitments
- 14,000 new products in electronics, pharma, auto
- Exports worth \$5.5 billion generated

Challenges:

- Only 30% of committed investments materialized
- Benefits captured by large corporates, not MSMEs
- Subsidies without addressing infrastructure, skill gaps have limited impact
- Subsidy-dependent model unsustainable long-term

Verdict: PLI is directionally correct but needs to be complemented with infrastructure, skill development, and trade policy reforms to succeed.

State-Level Variations: Why Gujarat Succeeded and Others Didn't

Not all of India failed equally. Some states leveraged Make in India effectively:

Gujarat (Score: 72/100):

- Single-window clearances actually worked
- Vibrant Summits attracted \$400+ billion commitments
- Industrial corridors: Dedicated rail, power, water
- Chemical, pharma, auto sectors thrived

Tamil Nadu (Score: 68/100):

- Auto manufacturing hub: 30% of India's production
- Electronics: 40% of mobile phone production
- Skilled workforce via ITIs, polytechnics
- Stable policy environment

Maharashtra (Score: 65/100):

- Established industrial base
- Financial capital advantages
- But: Infrastructure lagging, Mumbai port constraints

Failures: UP, Bihar, MP, Rajasthan (Score: 30-40/100):

- Policy announcements without implementation
- Poor infrastructure, unreliable power
- Bureaucratic hurdles unchanged
- Land acquisition nightmares

Lesson: Central schemes need state-level execution capacity. India's federal structure meant Make in India's success was geography-dependent.

The Counterfactual: What If Make in India Never Happened?

Would India be better or worse without Make in India? A thought experiment:

Without Make in India:

- FDI likely would have grown anyway (global capital searching for returns)
- Ease of Doing Business reforms might have been slower
- Mobile manufacturing unlikely to scale
- PLI schemes wouldn't exist

Net Assessment: Make in India created momentum for reform and attracted attention. The branding helped. But confusing activity with achievement meant fundamentals were neglected.

Perhaps a lower-profile, execution-focused approach would have delivered better results. The grandiose launch and unrealistic targets created expectations that couldn't be met, breeding cynicism.

Lessons for the Future: From Make in India to Make FOR India

As India looks ahead, several lessons emerge:

1. Infrastructure First, Branding Second

Build roads, ports, power grids, skill centers BEFORE inviting manufacturers. Vietnam spent a decade building infrastructure before becoming a manufacturing hub.

2. Focus on Labor-Intensive Sectors First

With 12 million youth entering the workforce annually, India needs labor-intensive manufacturing (textiles, leather, toys, food processing) NOW. High-tech can come later.

3. MSME Support is Non-Negotiable

90% of manufacturing is MSMEs. Policies must prioritize them:

- Simplified compliance (one return instead of 60)
- Easier credit (formalize, digitize, collateral-free loans)
- Technology upgradation (subsidize modern equipment)
- Market linkages (connect to large manufacturers)

4. Trade Policy Coherence

Protectionism and export ambitions are incompatible. Choose one:

- Option A: Open economy, low tariffs, integrate into global value chains via FTAs
- Option B: Protected domestic market, self-reliance, forgo export ambitions

India is trying both, achieving neither.

5. Skill Development at Scale

Train 50 million workers in next 5 years for manufacturing:

- Modernize ITIs with industry partnerships
- Apprenticeship programs (Germany model)
- Short-term skill certifications
- On-the-job training subsidies

6. Policy Consistency

Commit to 10-year policy stability. Frequent changes kill investor confidence. Bipartisan consensus on core economic policies needed.

7. Federal Cooperation

Manufacturing policy must be executed by states. Create competitive federalism:

- Rank states on manufacturing metrics
- Reward top performers with central funds
- Share best practices
- Punish non-compliance (deny central grants)

8. Realistic Expectations

China took 30 years to become world's factory. India wanting it in 10 was unrealistic. Set achievable targets, measure progress, course-correct.

The Final Verdict: Make in India Report Card

Overall Score: 45/100 - BELOW EXPECTATIONS

Metric

Target

Achievement

Score

Manufacturing GDP %

25%

17%

32/100

Jobs Created

100M

2M

18/100

FDI Inflows

\$600B

\$705B

95/100

Ease of Doing Business

Top 50

Rank 63

70/100

Exports Growth

\$500B

\$447B

65/100

MSME Growth

15% annual

(-2%) annual

10/100

Technology Independence

50% imports

70% imports

25/100

Employment in Mfg

100M total

53M total

40/100

Overall Assessment: Make in India succeeded in raising India's profile as an investment destination and pushed important reforms. FDI growth and ease of business improvements are genuine achievements.

However, it fundamentally failed its core mission: transforming India into a manufacturing powerhouse. Manufacturing GDP barely moved, job creation was dismal, and the MSME sector—the backbone of manufacturing—was devastated.

The initiative confused process with outcome, activity with achievement. Announcements were confused with implementation. The hard reforms—land, labor, skills, infrastructure—were either inadequate or absent.

The Way Forward: Make in India 2.0?

Eleven years of Make in India offer valuable lessons. A future iteration must:

1. Acknowledge Failures: Stop claiming success where there's failure. The 25% target wasn't met; 50 million jobs weren't created. Honesty is the first step to course correction.
2. Fix Fundamentals: Infrastructure, skills, policy stability are prerequisites, not nice-to-haves.

3. MSME-First Approach: Large FDI will come if ecosystem exists. Build MSME capability first.
 4. Sectoral Realism: Not all 25 sectors can be priorities. Pick 5 sectors with competitive advantage (pharma, textiles, food processing, auto components, chemicals) and focus resources.
 5. Trade Integration: Sign FTAs with EU, US, ASEAN. Export-led growth requires market access.
 6. State Accountability: Manufacturing is state-governed. Make states accountable for outcomes, not just announcements.
 7. Measure What Matters: Track jobs, value addition, domestic value capture—not just assembly numbers.
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Conclusion: The Opportunity Still Exists, But Time is Running Out

India's manufacturing dream isn't dead, but it's on life support. The demographic dividend window is closing—by 2030, India's working-age population will peak. If those millions aren't employed in productive manufacturing, the dividend becomes a disaster.

The China +1 opportunity still exists but is being rapidly captured by Vietnam, Thailand, Mexico, and Poland. India has 3-5 years to fix fundamentals and become competitive. Beyond that, the window closes.

Make in India was a noble vision undermined by poor execution, policy contradictions, and confused priorities. It attracted investment but didn't build manufacturing capability. It improved rankings but didn't create jobs. It assembled products but didn't build supply chains.

The next decade will determine if India becomes a manufacturing power or remains a market for others' manufactures. The choice is India's, but time is running out.

The harsh truth: You cannot wish a manufacturing economy into existence with slogans and summits. It requires decades of hard, unglamorous work—building roads, training workers, simplifying rules, opening markets. India wanted shortcuts. Manufacturing doesn't allow them.

Make in India promised a revolution. It delivered an evolution—better than stagnation but far from transformation. The question now: Will India learn from 11 years of expensive lessons, or will the next initiative repeat the same mistakes with a new slogan?

Frequently Asked Questions

What is the overall score of Make in India after 11 years?



What were the main achievements of Make in India?



What were the major failures of the initiative?



Why did Make in India fail to create enough jobs?



What happened to the MSME sector during Make in India?



How did COVID-19 expose Make in India's weaknesses?



Which countries succeeded where India struggled?



What is the PLI scheme and has it worked?



About the Analysis: This comprehensive report is based on data from Reserve Bank of India, Department for Promotion of Industry and Internal Trade, World Bank, Ministry of Commerce, National Statistical Office, and NITI Aayog. All figures are as of September 2024.