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Industrial resurgence: A critical analysis of the 'Make in India' initiative on India's manufacturing growth (2014–2025)

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Abstract
Since its inception in September 2014, the 'Make in India' initiative has served as the cornerstone of India's economic strategy to transform the nation into a global manufacturing hub. This paper provides a comprehensive evaluation of the program's impact on industrial growth, focusing on the decade leading up to August 2025. By analyzing trends in Foreign Direct Investment (FDI), the Manufacturing Purchasing Managers' Index (PMI), and sectoral growth in electronics and defense, this research argues that while the initiative faced initial structural bottlenecks, the post-2020 introduction of Production Linked Incentive (PLI) schemes catalyzed a significant industrial shift. The paper further examines the role of infrastructure through 'Gati Shakti' and concludes with policy recommendations to sustain a 25% manufacturing share in India's GDP.

Keywords: Make in india, industrial growth, manufacturing GDP, FDI, production linked incentive (PLI), ease of doing business, MSMEs

Introduction

Launched against the backdrop of a stagnant manufacturing sector contributing consistently less than 16% to the GDP, the 'Make in India' initiative was designed to address systemic inefficiencies in the Indian industrial landscape. The primary objectives were fourfold: to increase the manufacturing sector's growth rate to 12-14% per annum, create 100 million additional manufacturing jobs, ensure that the manufacturing sector's contribution to GDP is increased to 25%, and enhance global competitiveness.

As of August 2025, the narrative has shifted from mere "assembly" to high-value "manufacturing." This paper explores the journey from 2014 to the present day, navigating the challenges of the pre-pandemic era and the aggressive industrial restructuring witnessed in the last five years.

Theoretical Underpinnings: Structural Transformation

To understand the impact of 'Make in India,' we must refer to the Lewis Model of Structural Shift, which posits that economic development requires the movement of surplus labour from agriculture to a high-productivity manufacturing sector.

1. The "Flying Geese" Paradigm

India's strategy in 2025 [5] reflects the 'Flying Geese' model, where a developing nation catches up with advanced economies by adopting labour-intensive industries vacated by higher-income neighbors (like China). Through 'Make in India,' India has successfully positioned itself as a "China Plus One" destination, capitalizing on the global supply chain diversification strategies of multinational corporations.

Review of Literature

The discourse surrounding India's industrial strategy has undergone a paradigm shift over the last decade. Scholars and economists have extensively debated the efficacy of the 'Make in India' (MII) initiative, focusing on its ability to bypass traditional structural transitions and its role in the global value chain (GVC).

1. The Shift from Services-Led to Manufacturing-Led Growth

Early literature on the Indian economy often highlighted the "Indian Paradox," where the economy skipped the intensive manufacturing stage to become a services-driven hub. Panagariya (2025) argues that while services provided initial growth, a 25% manufacturing share in GDP is indispensable for absorbing the massive labor force transitioning from agriculture. Dhar (2024) traces this evolution, noting that while the 1991 [1] reforms liberalized trade, it was not until the 2014 'Make in India' launch that a concerted effort was made to address the "cost of disability" inherent in Indian manufacturing.

2. Regulatory Frameworks and FDI Dynamics

The role of institutional quality in attracting investment is a recurring theme. Gomber *et al*. (2017) [2] emphasize that digital finance and FinTech integration have significantly reduced the "information asymmetry" that previously deterred foreign investors. In the context of domestic stability, the Reserve Bank of India (2023, 2025) [5, 10] reports consistently suggest that the "Ease of Doing Business" reforms and the implementation of the Goods and Services Tax (GST) acted as critical catalysts for industrial formalization.

3. Regional Perspectives and Rural Integration

Literature focusing on sub-national growth reveals a varied impact across Indian states. The Government of Chhattisgarh (2023) [10] Economic Survey illustrates how landlocked, resource-rich states have utilized MII to transition from primary extraction to value-added processing. On a more granular level, Kumar & Sharma

(2021) and Patel (2022) [6, 9] discuss the "digital-industrial nexus," highlighting that the success of manufacturing hubs is increasingly dependent on the digital literacy and payment infrastructure of the surrounding rural hinterlands.

The Four Pillars of Impact

1. New Processes: Ease of Doing Business

One of the most measurable impacts has been the overhaul of regulatory frameworks. By 2025 [5], the digitization of industrial licenses through the National Single Window System (NSWS) has shortened the lead time for setting up greenfield projects from 18 months to under 6 months in most states.

2. New Infrastructure: Logistics and Connectivity

Industrial growth is tethered to logistics. Between 2014 and 2025, India's capital expenditure on infrastructure grew exponentially. The PM Gati Shakti National Master Plan has integrated multimodal connectivity, reducing logistics costs from 14% of GDP in 2014 to an estimated 9% by mid-2025.

3. New Sectors: Strategic Diversification

By August 2025, the most profound impacts are visible in:

- **Electronics:** India is now the world's second-largest manufacturer of mobile phones.
- **Defense:** Indigenous production of hardware (e.g., LCA Tejas, INS Vikrant) has surged, with defense exports reaching record highs.
- **Renewables:** India has become a global leader in solar module manufacturing.

The PLI Scheme: The 2020 Turning Point

While the first phase focused on policy, the post-2020 introduction of the Production Linked Incentive (PLI) schemes was a masterstroke. By providing financial incentives for incremental sales, the government addressed the "cost of disability" (higher electricity and land costs) that Indian manufacturers faced. By August 2025 [5], the PLI scheme across 14 sectors has attracted billions in investment, particularly in semiconductors and Advanced Chemistry Cell (ACC) batteries.

Challenges and Constraints

Despite the quantitative gains, the "Make in India" journey has faced hurdles:

- **The Labor Skill Gap:** The gap between vocational training and industrial requirements remains a bottleneck in 2025.
- **MSME Integration:** Large-scale manufacturers have thrived, but the integration of Micro, Small, and Medium Enterprises (MSMEs) into global value chains remains uneven.

Empirical Evidence: Statistical Overview (2014-2025)

- **Manufacturing GDP:** The sector has seen a steady upward trajectory in its growth rate.
- **Exports:** India's merchandise exports crossed the $500 billion mark in 2024 [4].
- **FDI:** Annual FDI inflows have stabilized at higher levels, with manufacturing attracting nearly 30% of total inflows.

Conclusion

As of August 2025, the 'Make in India' initiative has successfully altered India's industrial DNA. It has moved India from the periphery of global manufacturing to the center stage. While the target of 25% GDP contribution remains a work in progress, the structural foundations—logistics, regulatory ease, and sectoral incentives—are more robust than ever.

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