Make in India @ 2025

Knowledge Research Insights

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Oraculi & Dux

A. Executive Summary

Historically India has been an agrarian nation, both economically as well as the populace engaged in farm and related activities. Though the formation of IIT's gave wing to early industrialization, the licence Raj thwarted competitiveness till the Economic reforms of 1991.

Post then, an influx of MNC's and "Made in India" blossomed, soon to be overtaken by the services sector, now a dominating the GDP with 60% contribution, thanks to the timely onboarding onto the IT & ITes bandwagon by tech companies.

The rising population and demographics, especially the youth, along with slowdown in the growth of per capita income underscored the need for more jobs. This can be fulfilled predominantly from manufacturing or entrepreneurship- providing an impetus to a start-up culture.

However, India like the rest of the world, was reeling under the impact of low cost and acceptable quality of Chinese goods. Thus in 2014, **Make in India** was launched to position India as a local and aspirational to a global manufacturing hub by boosting domestic production, attracting foreign investment, and enhancing ease of doing business.

Key Policy Developments of Production-Linked Incentive **(PLI)** Scheme; **Atmanirbhar Bharat** (Self-Reliant India); Ease of Doing Business **(EoDB)** & FDI Reforms along with **Infrastructure & Logistics** initiatives like PM Gati Shakti and PM MITRA Parks, Renewable Energy, and electric vehicles, made a concerted role towards the goal.

The Department for Promotion of Industry and Internal Trade (**DPIIT**) bridges multiple ministries and states, while initiatives like **One District One Product (ODOP)** promote regional development by leveraging each district's distinct strengths—whether in craftsmanship, agriculture, or specialized production.

A decade later, this initiative remains crucial for domestic amidst global economic challenges, geopolitical and economic shifts.

From a Global perspective, **Trump 2.0** & US Trade Policies create an uncertain environment. India's deft handling of Global relations enhances our place and presence in global trade.

Supply Chain Diversification add another dimension to India's industrial strategy- China+1 has benefited India, as visible in the assembly of iPhones in India. Yet, we must be cautious that recession risks in major economies may slow investment and exports.

There are also Regulatory & Bureaucratic Hurdles, for example while improvements have been made, land acquisition, taxation, and labour law complexities still deter some investors.

Continued investment in modern infrastructure and vocational training is critical to sustaining manufacturing growth.

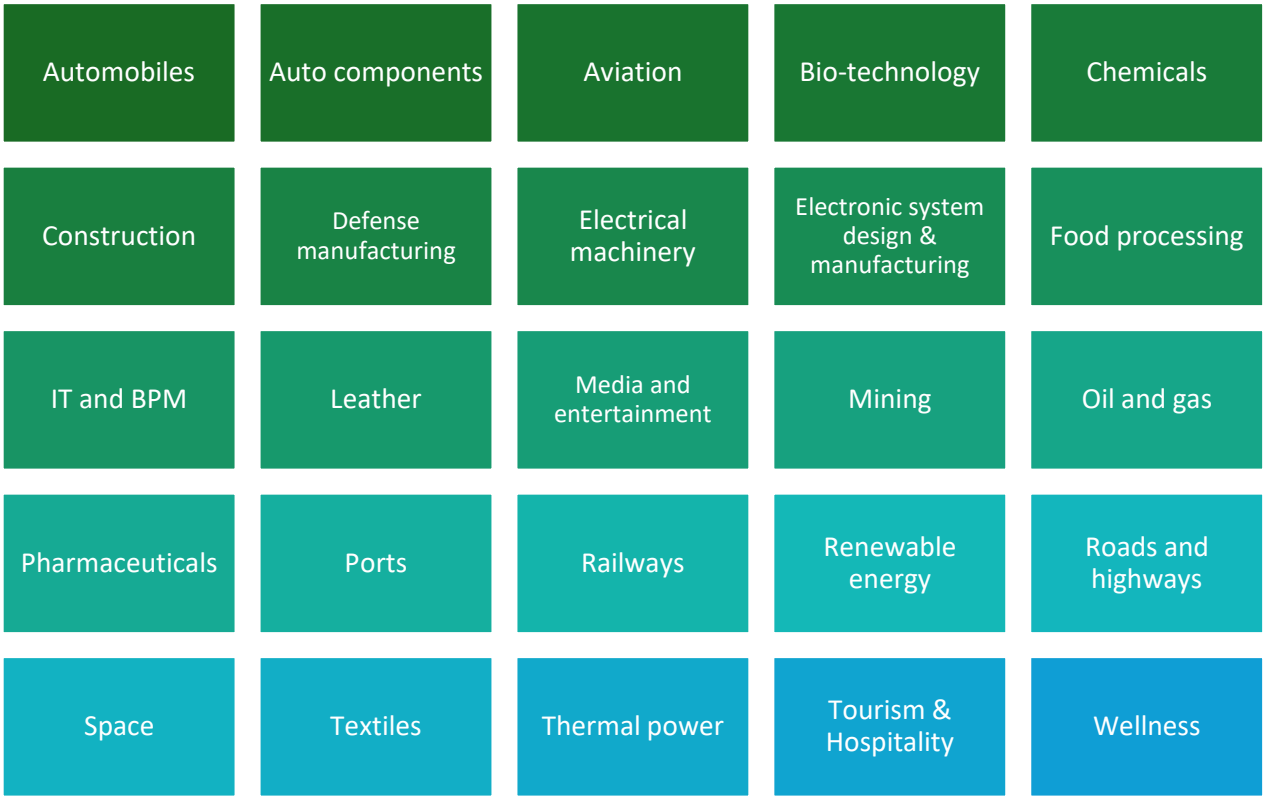
Despite global uncertainties, Make in India remains a key pillar of India's economic growth strategy.

With favourable geopolitical trends, strategic policy reforms, and increasing global investment, India is well-positioned to emerge as a leading manufacturing destination.

B. The Context

Make in India underscores the importance of **Competitiveness** for boosting manufacturing output and hence ancillary sectors such as logistics and warehousing are critical for efficient and resilient supply chains.

Make in India targets **25 industry sectors** across both manufacturing and services - green shoots are visible in many of these sectors.



As per the current policy, 100% FDI permitted in all the 25 sectors covered in the "Make in India" plan, except for media (26%), defence (49%) and space (74%).

Demographics

With a median age of roughly 29 years, India has a substantial labour force ready to fuel industrial and service sectors alike.

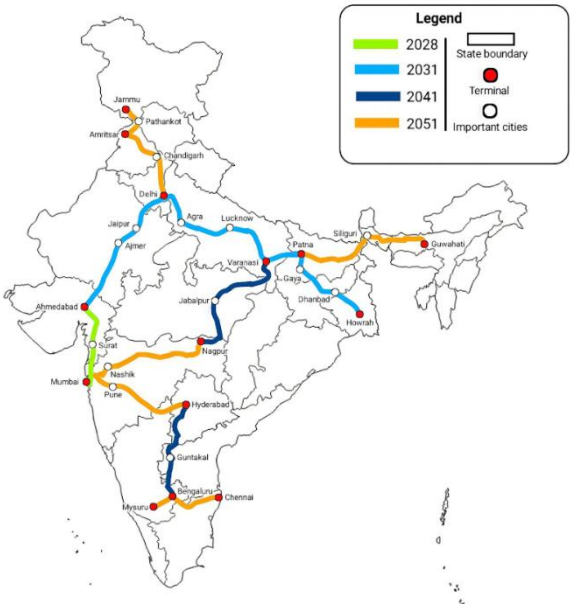
However, a challenge is employability- an area that is addressed by **Skill Development Initiatives** over two decades now but much more needs to be done, especially in area of vocational training and respect for workforce.

The logistics sector historically relies on labour-intensive operations—such as loading, sorting, and inventory management. While automation is on the rise, a large, trainable workforce can still **support rapid scaling** of these operations across multiple regions.

Infrastructure as a Catalyst

Infrastructure is vital for **industrial growth, trade facilitation,** and overall economic momentum.

- **Road Network**: Major upgrades to expressways and highways aim to slash travel times and improve last-mile connectivity.
- **Rail Corridors**: Accelerated electrification, capacity boosts, and dedicated freight corridors ensure more efficient **multi-modal solutions**
- **Ports & Aviation**: Enhanced seaports, airports, and multimodal logistics parks reduce bottlenecks and accelerate **domestic & international** freight movement.
- **11 Industrial Corridors**: Integrated development of manufacturing clusters, logistics parks, and residential areas fosters large-scale production ecosystems.



- **Smart Cities:** Greenfield and brownfield smart cities combine cutting-edge digital infrastructure with modern urban planning, creating plug-and-play environments.
- **SEZs**: Over 270 operational zones are evolving into logistics and warehousing hubs, equipped with tax **incentives** and advanced facilities to entice global investors.

Policy Enablers

- Land Acquisition & Digitized Approvals have improved over this period with GIS (Geographical Information System) mapping of land
- Compliances have been reduced, and many legal provisions have been decriminalized

Notwithstanding above, the EoDB has mixed response and compliances with GST and other agencies is a mixed bag

Impact of AI

The impact of AI and the changes in job roles is crucial in the coming few years for competitiveness, re-skilling and avoiding loss of jobs. These are the challenges which the Indian economy, along with the rest of the world, will need to formulate an India-centric strategy.

C. Current Practices: An O&D Study

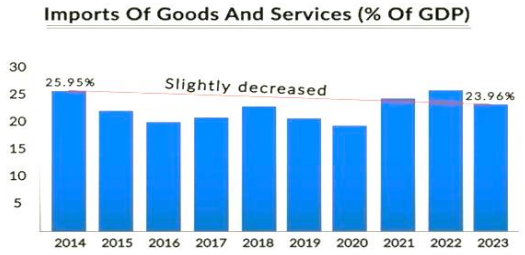
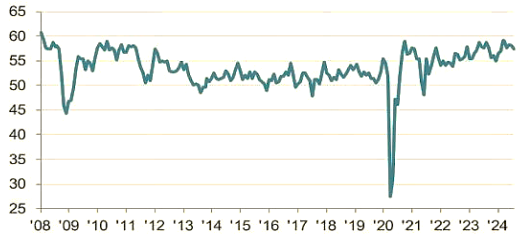
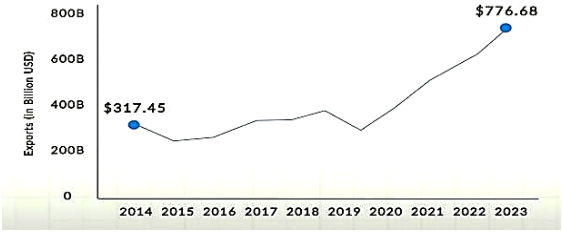
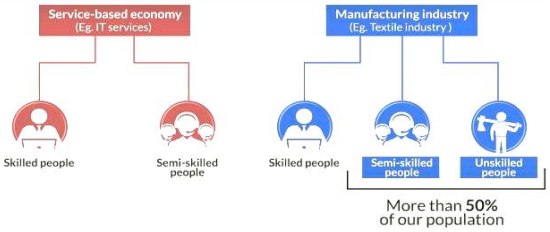
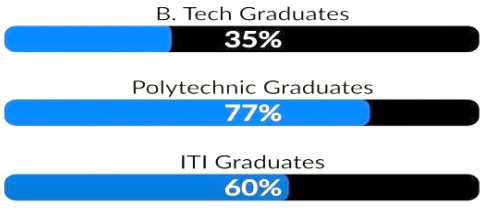
We capture the Hits and the Misses of the Make in India with in a concise and holistic framework

The Hits

Initiative / Policy	Policy Outline	Impact
Production-Linked Incentive **(PLI)** Schemes *2021–2022*	Rs. 1.97 lakh crore (~USD 26 billion) allocation	755 applications approved (as of July 2024)
	Covers 14 sectors (e.g., mobiles, medical devices, automobiles)	Rs. 1.23 lakh crore investment
	Aims to boost largescale manufacturing	8 lakh new jobs created
PM GatiShakti *Oct-21*	Holistic infrastructure development	Enhanced coordination among ministries for infrastructure projects
	Integrates multimodal connectivity	Expected to streamline logistics, reduce costs
Semicon India Program *2021*	Rs. 76,000 crore budget	Attracting major projects (e.g., Micron's Rs. 22,000 crore investment)
	Focus on sustainable semiconductor & display manufacturing ecosystem	Aim to position India as a potential global semiconductor manufacturing hub
National Logistics Policy *Sep-22*	Improves India's logistics network	Seeks to enhance India's ranking in Logistics Performance Index
	Aims to reduce overall logistics costs	Facilitates faster and more efficient goods movement
Industrialization & Urbanization *Ongoing*	National Industrial Corridor Development Program	12 recently approved projects worth Rs. 28,602 crore
	Integrates industrial corridors with urban planning	Drives creation of global manufacturing clusters
	Development of smart cities & industrial hubs	Accelerates India's industrial base and organized urban growth
Startup India Initiative *2016*	Built a supportive entrepreneurship ecosystem	Fosters a culture of innovation and enterprise
	Simplifies regulations, offers tax benefits	Over 148,931 startups recognized 15.5 lakh direct jobs generated
Introduction of GST *July 2017*	Unified indirect tax system	Easier interstate trade
	To reduce cascading taxes and improve competitiveness	Boosted manufacturing & formalized segments of the economy
Unified Payments Interface **(UPI)** *2016*	Digital payments platform handling real-time transactions	46% of global real-time payment transactions
	Accessible via mobile apps	Major enabler of India's digital economy

The Misses

A detailed compilation of the key area and how we fared in this period gives a clear picture

Focus Area	Report Card	
Imports	Target to reduce reliance on imports; however, only a slight reduction from 25.95% (2014) to 23.96% (2023) of GDP.	
Manufacturing Growth Target	Target was 12-14% annual growth; in practice, growth has been just 5.5%. The Government's target of 25% contribution to GDP by 2025 remains far from being achieved.	
Export vs. Import Disparity	Exports increased but the gap between imports and exports widened, with India spending $54.5 billion more on imports than it earns from exports by 2024.	
FDI & Investment	Foreign Direct Investment (FDI) saw a rise, but outflows (disinvestment) have grown significantly, signaling a lack of net positive investment.	
Employment Generation	Target of employing 100 Mn. people in manufacturing by 2020, but only 18.5 Mn jobs have been created so far. High graduate unemployment rates, with 30% unable to find jobs.	
Labor and Skills Deficiency	Only 2% of India's workforce holds a certificate proving mastery of a skill, compared to 96% in South Korea and 80% in Japan. High unemployment due to inadequate skills training programs.	

D. Insights and Way Forward

While Make in India has been a Key Initiative, the mixed report card gives food for thought for strategic shifts in the policy framework for realising the true potential of a "**Viksit Bharat**".

Further, the emergence of AI and its deep and irrevocable impact on mankind, far more than any other technology adds to the challenge. Thus, in addition to the sectors and initiatives in Make in India, key areas to focus or revisit are:

1. **Ease of Doing Business**
   - Smaller companies have an unease with high compliances, including GST complexities.
   - These enterprises are key to a Nation's competitiveness as opposed to duopoly or oligarchs.
2. **Sustainability**
   - Scale up investments in green hydrogen and solar-powered factories.
   - A localized EV supply chain, including Li-ion battery production.
3. **Logistics Costs & Efficiency**
   - The most significant area for cost improvement is to bring Fuel under GST.
   - Optimize warehousing, transportation, inventory management with AI.
4. **Skilling Workforce for AI & Advanced Manufacturing**
   - Upskill workers in AI, ML, IoT, and robotics. Launch skill programs with industry leaders
   - Provide AI tools to small manufacturers to boost efficiency
5. **AI & Emerging Tech in Manufacturing**
   - AI-driven automation, IoT, and predictive maintenance to increase efficiency and reduce costs is imperative with China ahead of the curve.
   - Digital Twin Technology: Simulate real-time production processes for better optimization.
   - Promote localized production using 3D Printing & Additive Manufacturing
6. **Promote R&D**
   - Establish AI and semiconductor research hubs like the US and China.
   - Invest in next-gen computing and materials for industry applications.
   - Push industry-academia partnerships to develop Indian AI models.

A future-ready India will be one that seamlessly integrates **AI with manufacturing, logistics, and R&D** while **competing globally in cutting-edge industries**.

The paper provides food for thought for industries and supply chain practitioners for a future ready enterprise.

Our research and advisory teams would be happy to engage with you for a deeper study and scenario building or a strategic road map for your company.

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