



## EDITORIAL: THE HINDU

**GENERAL STUDIES 3: ECONOMY**

**TOPIC: MANUFACTURING SECTOR**

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### BUILDING ON THE REVIVAL OF THE MANUFACTURING SECTOR

#### India's Manufacturing Ambitions

- India is positioning itself as a global manufacturing hub, leveraging the **Production Linked Incentive (PLI)** scheme to boost sectors like electronics, pharmaceuticals, and textiles. Despite a strong recovery post-pandemic, challenges such as high input costs, regional disparities, and insufficient support for MSMEs and women must be addressed.

#### Impact of the PLI Scheme

- The **PLI scheme** has significantly boosted production, exports, and employment. For 2022-23, the manufacturing output grew by **21.5%**, with a **7.3% increase in Gross Value Added (GVA)**. Sectors like **basic metals, petroleum products, and motor vehicles** saw **24.5% growth**, demonstrating the scheme's effectiveness.

#### Post-Pandemic Recovery

- India's manufacturing sector demonstrated **double-digit growth** (21.5%) in 2022-23, indicating resilience and significant post-pandemic recovery. This positions India to become a global manufacturing powerhouse.

#### Expanding the PLI Scheme

- To unlock growth, **PLI incentives** should be extended to **labor-intensive industries** like apparel and furniture, as well as emerging sectors like **aerospace and space technology**. Fostering domestic manufacturing can reduce **import dependency** and enhance resilience against global disruptions.

#### Challenges in Input Costs

- The **rise in input costs** (24.4%) has led to slower **GVA growth**. A streamlined import regime with lower tariffs can help **reduce production costs**, improving India's integration into global value chains.

#### Addressing Regional Disparities

- Manufacturing GVA and employment are concentrated in a few states. To ensure **equitable growth**, reforms in **land, labor, and power markets**, along with improved infrastructure, are essential.



## Focus on MSMEs and Women's Participation

- MSMEs contribute 45% to manufacturing GDP. Tailored PLI incentives for MSMEs and improved infrastructure for **women's workforce participation** can boost output and foster inclusive growth. A 9% increase in output could result from higher female participation.

## Future Goals

- India aims to raise manufacturing's share in GVA from **17% to 25% by 2030-31** and **27% by 2047-48**, with continued policy support, improved ease of doing business, and reduced operational costs.

## Conclusion

- India's manufacturing sector is on the verge of transformation, driven by the PLI scheme and post-pandemic recovery. Addressing challenges such as input costs, regional imbalances, and underutilization of MSMEs and women's potential will be crucial. With sustained reforms, India can unlock its full manufacturing potential and achieve its economic vision by 2047.

Source : <https://www.thehindu.com/opinion/op-ed/building-on-the-revival-of-the-manufacturing-sector/article68955712.ece>

