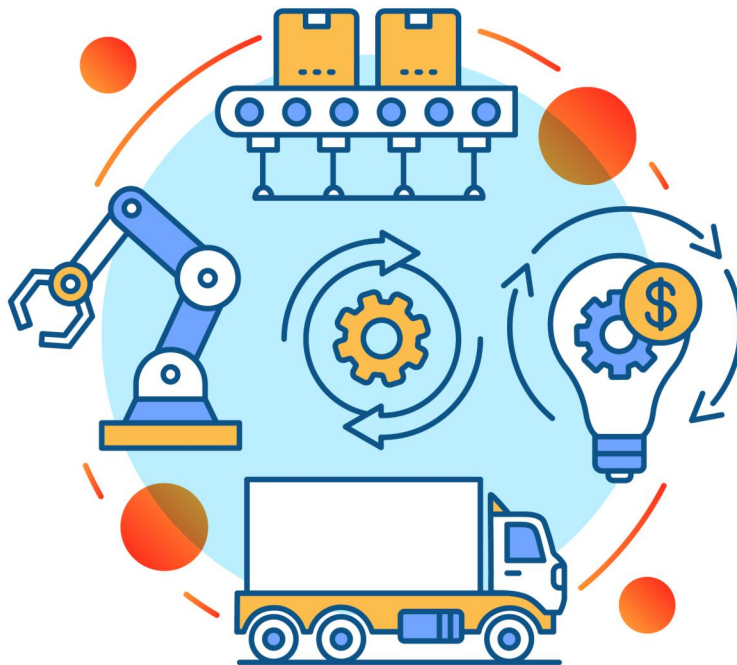


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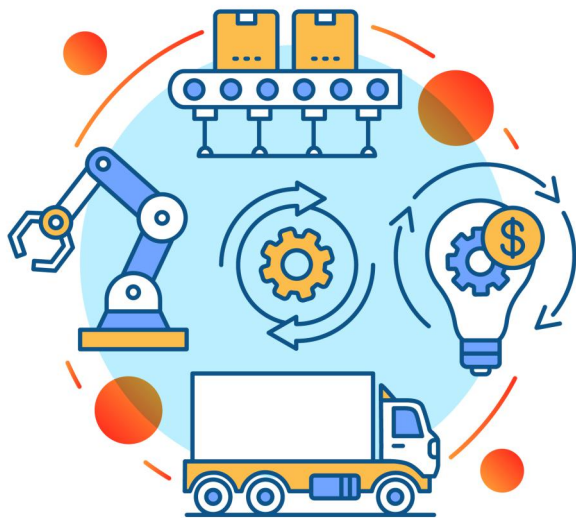
INDIA'S PLI SCHEME A BOLD VISION OR A **HALF-BAKED GAMBLE?**



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INDIA'S PLI SCHEME A BOLD VISION OR A HALF-BAKED GAMBLE?



Imagine a vast canvas, painted with the hopes of a billion people. On it, the **Production-Linked Incentive (PLI) scheme** is a bold stroke—a vision to propel India from

a manufacturing afterthought to a global powerhouse. With a hefty ₹1.97 lakh crore outlay, the PLI scheme promised transformation: to weave India into the global value chain, reduce reliance on imports, and create manufacturing titans that rival the best.

But halfway through the symphony, the music falters. Out of **14 sectors**, only four have met their targets. Two are limping, achieving half of what they set out to do, while others are lost in the wilderness. Was the dream too ambitious, or is the strategy too flawed?

A GAME OF STRATEGY OR A ROLL OF DICE?

The PLI scheme rests on a simple premise: incentivize production to spark industrial growth. But why these sectors? Why now? The sectors under PLI were meant to be strategic, sunrise industries, or import-heavy areas. Yet, the logic unravels upon scrutiny:

- Only two sectors, like semiconductors and defense, are undeniably strategic.
- A few, such as electric vehicles, can claim to be sunrise industries.
- Most, including electronics and medical devices, appear chosen to cut import dependency, particularly on China.

This approach begs deeper questions: Why is India so reliant on these imports? Why can't we produce these goods competitively? These are the questions the PLI scheme sidesteps, but they hold the key to unlocking India's manufacturing potential.



THE PROBLEM BENEATH THE PROBLEM

The PLI scheme's grand ambition of self-reliance faces a sobering reality: production-linked incentives cannot solve the structural issues plaguing India's industries. For example:

1. Electronics and Telecom Equipment: These sectors suffer from a lack of technology know-how, weak supplier ecosystems, and poor infrastructure. Incentivizing production without addressing these gaps is akin to building castles on quicksand.

2. Food Processing: Here, the challenge isn't production but the fragmentation of small players, poor quality standards, and weak market linkages. Production incentives alone cannot organize an unorganized sector.

3. Pharmaceuticals: India is already a global leader in pharma, but the Achilles' heel lies in quality control. Without a world-class regulatory framework, India risks losing its competitive edge.

These examples reveal a deeper truth: **The PLI scheme attacks the symptoms, not the disease.**

LESSONS FROM THE WORLD

THE ART OF GETTING IT RIGHT

INDIA ISN'T THE FIRST TO ATTEMPT LARGE-SCALE INDUSTRIAL POLICY. NATIONS LIKE SINGAPORE, THAILAND, AND VIETNAM HAVE NAVIGATED SIMILAR WATERS, LEAVING BEHIND BLUEPRINTS OF WHAT WORKS



1. Singapore's Pharma Masterstroke: Singapore transformed its pharmaceutical industry by investing in regulatory excellence, quality assurance, and R&D incentives. India, already a pharma giant, can borrow this playbook to enhance its global competitiveness.

2. Thailand's Food Innovation Clusters: Thailand took a fragmented food processing sector and turned it into an organized powerhouse by creating food innovation hubs and integrating small producers into global supply chains.

3. Vietnam's FDI Magic: Vietnam attracted foreign direct investment (FDI) to anchor itself in global value chains (GVCs). India's PLI sectors, especially electronics, desperately need a similar influx of foreign capital and expertise.

These countries succeeded not by focusing on production alone but by addressing quality, innovation, and ecosystem development—areas where India's PLI scheme falters.

RETHINKING THE PLAYBOOK WHAT MUST CHANGE

**The PLI scheme's potential remains immense,
but its design needs a dramatic rethink.
Here's how:**

1. Don't Just Produce; Innovate

Production incentives alone cannot build global champions. India must invest in R&D ecosystems, modeled on initiatives like DARPA in the US. Public procurement guarantees for innovative products can catalyze breakthroughs and drive private-sector innovation.

2. Integrate into Global Value Chains

Sectors like electronics need policies that emphasize technology acquisition, supplier development, and GVC integration. Aligning with trade blocs like IPEF and ASEAN could unlock new markets and opportunities.

3. Cluster-Based Approaches for Traditional Sectors

In industries like food processing, organizing small producers into clusters and linking them to global supply chains can drive productivity and quality. Thailand's success shows that clusters, not cash, hold the key to transformation.

4. Attract Strategic FDI

FDI is a shortcut to plugging India into global value chains. Simplifying land acquisition, easing regulatory burdens, and offering targeted incentives could make India the go-to destination for global manufacturers.

5. Build for Quality, Not Quantity

Whether it's pharmaceuticals or electronics, India must position itself as a hub of quality excellence. Strengthening regulatory frameworks and investing in quality infrastructure is critical to earning global trust.

A VISION WORTH FIGHTING FOR

The PLI scheme is more than a policy—it's a statement of intent. It signals India's desire to shed its reliance on imports and emerge as a manufacturing leader. But bold visions require bold actions. The scheme's patchy success so far is a reminder that **ambitions without alignment lead to mediocrity.**

To truly succeed, India must reimagine its approach:

- Shift from **output to outcomes**, where success is measured not just by what we produce but by how well we compete globally.
 - Move from a scattershot strategy to a laser-focused execution, tailored to the unique challenges of each sector.
 - Build ecosystems that empower industries to thrive, not merely survive.
- The PLI scheme is a spark, but it is not yet a flame. To ignite the fire of industrial transformation, India needs more than money—it needs vision, perseverance, and a relentless pursuit of excellence. Only then can we fulfill the promise of this grand experiment and carve a place for India on the world's industrial stage.

The canvas is there, waiting. The colors are vibrant, ready to be unleashed. The question is: **Will India paint a masterpiece, or will it remain a work in progress?**

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**This research has been done by the
Core Fundamental Research Team of InvAsset PMS Desk.**

Anirudh Garg

anirudhgarg@invasset.com

Kushal Ahuja

kushalahuja@invasset.com

Yash Chauhan

yashchauhan@invasset.com



India's Best Performing and Most Customer Centric PMS



MUMBAI

911 One Lodha Place,
Lower Parel, Mumbai 400013

GURUGRAM

4th Floor Two Horizon Centre,
DLF Phase 5, Gurugram,
Haryana 122002

LUDHIANA

1401, Aspen 2, Centara Greens,
Pakhawal Road, Opp. Riviera Resort,
Ludhiana 141001



1800-309-2172
98158-10172



info@invasset.com



www.invasset.com
