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Q8

"Success of make in India program depends on the success of Skill India programme and radical labour reforms." Discuss with logical arguments.

UPSC Civil Services Mains 2015 · GS III · 12 marks · Indian Economy

Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Core demand of the question

- State what **Make in India** needs from factories on the ground
- Argue why **Skill India** is necessary for that success
- Argue why radical labour reforms are necessary, with social-security caution

Revision summary

Make in India needs actual factories that meet export quality and hire at scale.

Skill India, **PMKVY**, **NSDC** and **NSQF** are meant to supply shop-floor skills and apprentices.

Without skills, India stays a cheap-assembly site; without jobs, skilling is wasted.

Rigid Industrial Disputes and inspector overlap push firms toward contract labour or no hire.

Labour reform must simplify law and allow adjustment while keeping portable social security.

Introduction

Make in India (September 2014) asks firms to design, make and export from India in 25 sectors. A factory does not appear from a logo. It needs **workers who can run machines** and **labour law that lets a firm hire, redeploy and, when needed, close** without a year in court. **Skill India** (15 July 2015) and **labour reforms** are therefore not side slogans. They are conditions for the programme to succeed.

Body**Make in India without skills fails**

- Global firms compare India with Vietnam and China on **unit labour cost and quality**, not only on cheap wages.
- A large youth cohort with weak **shop-floor, numerical and soft skills** cannot staff electronics, auto, textiles or defence lines at export quality.
- **Skill India**, **Pradhan Mantri Kaushal Vikas Yojana**, **National Skill Development Corporation** and the **National Skills Qualifications Framework** are meant to certify those skills at scale.
- Apprenticeship reform (amended **Apprentices Act**) links the classroom to the factory; without it, **Make in India** stays at assembly of imported kits.

- Skill without a factory job is wasted; a factory without skill stays low-value. The two programmes must **pull each other**.

Why radical labour reforms matter

- India still runs a thicket of **central labour laws** (Factories, Industrial Disputes, Contract Labour, and others) with inspector overlap and criminal penalties for routine slips.
- **Chapter V-B** of the **Industrial Disputes Act** makes lay-off, retrenchment and closure in larger units subject to prior government permission, which deters hiring on the rolls.
- Firms respond with **contract labour**, micro size below thresholds, or capital in place of people - which is the jobless-growth story.
- **Rajasthan (2014)** and some other States raised thresholds and simplified compliance; the Union's **Shram Suvidha** portal and unified returns are a start, not a finished code.
- Radical reform means **rationalisation into fewer codes**, easier compliance, and freedom to adjust workforce with **notice and social security**, not a race to fire without cause.

Logical link

- Investors will not **Make in India** if they cannot find certified workers or if every extra hire is a legal hostage.
- Workers will not accept flexibility unless **EPFO, ESI and portable benefits** travel with the job.
- **Success is therefore** joint: **Skill India** fills the quality gap; labour reform fills the quantity and formality gap.

Flow diagram

Make in India -> Skill India PMKVY NSDC
Make in India -> Labour law rationalisation
Skill India PMKVY NSDC -> Export quality factory jobs
Labour law rationalisation -> Export quality factory jobs
Export quality factory jobs -> Formal hire not only contract

Conclusion

Make in India succeeds only if plants can staff quality lines and adjust employment lawfully. **Skill India** supplies the first; radical but fair labour reform supplies the second. One without the other leaves either empty certificates or empty factories.

Facts & figures

Make in India

Union initiative of September 2014 to raise manufacturing and investment in 25 identified sectors.

Skill India

Mission launched 15 July 2015 to skill youth at scale through a national qualification framework.

PMKVY

Pradhan Mantri Kaushal Vikas Yojana: flagship short-term skill training and certification scheme.

Industrial Disputes Act Chapter V-B

Requires prior government permission for lay-off, retrenchment and closure in factories above a worker threshold.

Rajasthan labour amendments 2014

State-level raising of **Factories and ID Act** thresholds, often cited as a path other States could copy.

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