

22 India's growth rate can be improved not only  
2 by exporting software services but also a major  
exporter of mfg. goods. Explain.

India's merchandise export in  
FY 21-22 jumped 43% from \$291 Billion to  
\$417 billion. Yet manufacturing contributes only  
17% of GDP and services contribute 54%

Services India has been the major driver in  
services sector since economic reforms. IT and  
ITES form 50% of the services export  
basket. Other services such as tourism,  
insurance, financial services are growing fast.

Manufacturing sector

Though service sector contributes  
in terms of value, manufacturing contributes  
in volume terms. The percentage of

merchandise export from India is less than

2% of world exports.

Low skill sectors contributes less than high skill sector. The share of low technology sector such as textiles, leather and footwear can contribute to ODT and reduce unemployment.

Production companies must be registered under Shop and Establishments act similar to services which can bypass 45 odd labour laws

The PLI schemes have great greater push to manufacturing.

Way forward

Development of Enterprise and Service hubs (DeSh act) which overhauls SFZs and bringing down logistics cost and relaxing labour laws can unlock potential of manufacturing sector.