

India Industrial Development Report 2024-25

TOWARDS A MANUFACTURING-LED TRANSFORMATION

EXECUTIVE SUMMARY

ISID

Institute for Studies in Industrial Development

An institution of Indian Council of Social Science Research (Ministry of Education)

Policy Research to Foster India's Industrial Transformation

India Industrial Development Report 2024-25

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ACADEMIC FOUNDATION
INDIA

www.academicfoundation.org

First published in 2025
by

AF PRESS

No. 35, Sector 7,
IMT Manesar,
Gurugram - 122050.
Phones : +91-124-4215070 / 71.
E-mail : booksaf@gmail.com
www.academicfoundation.org

in association with

INSTITUTE FOR STUDIES IN INDUSTRIAL DEVELOPMENT (ISID)

4, Vasant Kunj Institutional Area, Vasant Kunj II, Vasant Kunj,
New Delhi 110070

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India Industrial Development Report 2024-25:

Towards a Manufacturing-led Transformation

ISBN: 9789332706620

Typeset, printed and bound by PrintShoot, Manesar, Gurugram.
www.printshoot.com

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Foreword

Industrialization has been a cornerstone for job creation and inclusive prosperity in all successful economies, including the United States, Germany, Japan, Korea, and China. India began its journey toward industrialization with a strong focus during the early post-independence period. However, the indiscriminate liberalization of the 1990s, implemented without adequate sequencing, led to the decline of several industries, such as electronics hardware, an increased dependence on imports, and a stagnation of manufacturing's share in national income. Consequently, numerous opportunities for creating decent jobs were lost.



After decades of insufficient attention to the industrial sector, particularly manufacturing, the Indian government has now taken decisive steps to harness the potential of industrialization. Investor-friendly policies under the *Make-in-India* initiative, further bolstered by the *Aatmanirbhar Bharat* campaign, represent a renewed commitment to revitalizing the country's industrial base.

As India enters the final quarter of its centenary as an independent nation, the goal of emerging as a developed country by 2047 takes center stage. Bridging the remaining development gaps will require a transformation centered on industrialization. Manufacturing-led development has the potential to generate millions of decent jobs, fostering the inclusive growth essential for achieving this vision. In this context, ISID's policy research and advocacy in support of industrialization assume critical importance.

The *India Industrialization Development Report 2024-25* marks the inaugural edition of ISID's flagship report series. Drawing on various strands of ISID's research program, the report presents a comprehensive narrative on the opportunities, challenges, and policy lessons for industrialization.

The report examines key aspects of India's industrial landscape, including the evolving industrial structure, growth and productivity trends, trade and investment dynamics, innovation and Industry 4.0, green industrialization and corporate sustainability, MSMEs and startups, and industrial infrastructure and connectivity. Additionally, it identifies priority manufacturing sectors and suggests diversification opportunities for each state.

A notable strength of this report is its evidence-based approach, which will serve as a valuable resource for researchers and policymakers alike.

I extend my congratulations to the ISID team, led by Prof. Nagesh Kumar, for this commendable initiative. I am happy to commend the report to policymakers, analysts, researchers, and students of industrial development.

S.K. Misra
Chairman
Board of Governors, ISID

Acknowledgements

The *India Industrial Development Report 2024-25*, as the first in a new series of flagship reports, has been prepared by the ISID team led by Prof Nagesh Kumar, Director, ISID. The core report team comprised Akhilesh Sharma, Anjali Tandon, Beena Saraswathy, Isha Chawla, Ramaa Arun Kumar, Reji K Joseph, R. Rijesh, Sangeeta Ghosh, Santosh Kumar Das, Satyaki Roy, Surya Tewari, and Swati Verma. Sectoral inputs were also received from TCA Anant, Ajit Jha, Mahua Paul, Shailender K. Hooda, Sanjaya K. Malik, and K. Seenaiiah.

The Report benefitted from several policy roundtables organized by ISID over the past few years which have been addressed by among others, Deepak Nayyar, Ajay Shankar, Arvind Virmani, Naushad Forbes, R C Bhargava, N K Singh, Suman Berry, Kunal Sen, Gerd Muller, Sumita Dawra, Rene van Berkel, Keun Lee, Rakesh Mohan, Arkebe Oqubay, Alicia Garcia-Herrero, Arunabha Ghosh, Kelly Gallagher, Easwaran Narasimham, Ambuj Sagar, Andrea Goldstein, Pedro Conceicao, Tilman Altenburg, Amitabh Kant, Clovis Freire, Uma Rani, Animesh Saxena, S. Raman, Deepak Bagla, Richard Bolwijn, Ananya Ghosh-Dastidar, Carlos Correa, Kevin Gallagher, Rakesh Basant, D. K. Joshi, K. Narayanan, N S Siddharthan, K.L. Krishna, Pulin Nayak, R Nagaraj, Rajiv Kumar, Thomas Pogge, C. Veermani, Biswanath Goldar, Ludovico Alcorta, Dinesh Abrol, Bipin Menon, Sudipto Mundle, Shiladitya Chatterjee, Sunil Mani, Faisal Ismael, Rajat Kathuria, Suma Athreye, Aradhna Aggarwal, Manmohan Aggarwal, Nitya Nanda, Kes-hab Das, B. N. Satpathy, Suresh Babu. However, the usual disclaimer applies.

Isha Chawla and Dhanunjai Kumar coordinated and managed the production of the Report. Usha Joshi, Jeet Singh, and Sandip Pokhriyal provided administrative support.

Preface

The revival of industrial policy globally, including in some of the biggest champions of free markets like the United States is among the most important megatrends of the past few years. The world has come full circle from the early days of import-substituting industrialisation to highlighting the virtues of globalisation, back to industrialisation and real economy focus. With globalisation turning into 'slowbalisation,' industrial policy has become the 'New Washington Consensus.'

This real economy focus is fully in sync with India's manufacturing thrust over the past decade, which started in 2014 with the Make-in-India, reinforced by major reforms, the PLI scheme, ease-of-doing business, industrial corridors and other infrastructure, national missions like the Semiconductor Mission, among other promotional measures. The results are beginning to be visible gradually, with India's emergence as a major exporter of smartphones being one of the most visible outcomes.

The *India Industrial Development Report 2024-25*, is the first in a new series of flagship reports, ISID has launched to provide an evidence-based analysis of different challenges and opportunities that the country faces and the policy lessons, as it pursues manufacturing-led growth. As the first edition in the series, its scope has been kept broader. The subsequent editions may focus on specific issues for a more detailed look.

This *Report* takes stock of India's manufacturing landscape, its strengths, weaknesses, opportunities, challenges, and policies adopted and emerging trends globally at the current juncture and proposes a policy agenda for accelerating the manufacturing-led transformation. It draws upon the body of analytical work being conducted at the Institute and insights drawn from the numerous policy roundtables and consultations with several policymakers and analysts and research seminars that ISID has hosted over the past couple of years.

The preparation of the *Report* has been supported by a research programme on the theme sponsored by the Indian Council of Social Science Research (ICSSR) over the past two years. We are grateful to ICSSR for the funding.

I also wish to acknowledge the guidance and encouragement received from Mr S.K. Misra, Chairman, and from members of the ISID Board of Governors.

I wish to thank all the members of the faculty for their contributions and inputs in the preparation of this *Report* and to many senior experts and commentators, as listed elsewhere, for their insights.

We are grateful to the editorial and production team at the Academic Foundation for publishing the *Report* on an expedited schedule.

November 2024

Nagesh Kumar
Director, ISID



Executive Summary

Manufacturing-led transformation has been an important pathway to prosperity globally—employed by developed countries such as the US, Germany, and Japan and newly industrialised countries such as the Republic of Korea, Taiwan, and China. As India embarks on achieving its aspirations to achieve a developed country status by 2047, the manufacturing sector seems to be an answer to creating decent jobs for its youthful population and fostering inclusive prosperity. There is also a realisation that high dependence on imports of manufactured goods can compromise the nation’s strategic autonomy. Hence, the government has lined up a full bouquet of reforms, Make-in-India and PLI incentives, ease-of-doing business, industrial corridors and other infrastructure, and promotional measures.

The external context for building manufacturing, however, has changed dramatically since the days of hyper-globalisation during the 1990s and early 2000s when China expanded its manufacturing capacities, riding on rapidly growing world trade and investments to become the global factory. Global trade and investments are now having nearly flat growth rates, if at all growing, with rising protectionism, trade wars, stalled multilateral trade negotiations, and geopolitical conflicts in Europe and the Middle East, together turning globalisation into ‘slowbalisation.’ The carbon space is getting squeezed, with net zero targets looming large on the horizon, and the Industrial Revolution 4.0 is automating and disrupting industrial processes. The global supply chains are being restructured, often being re-shored, as advanced countries incentivise localisation of production through the aggressive pursuit of industrial policy that has become the ‘New Washington Consensus.’ What chances are there of India’s manufacturing thrust succeeding in such a scenario, pushing sceptics to argue that the pursuit is misguided, having ‘missed the bus’ and goading instead of staying focused on services?

The **India Industrial Development Report 2024-25**, takes stock of India’s manufacturing landscape, its strengths, weaknesses, opportunities, challenges, and policies adopted and emerging trends globally at the current juncture. It concludes that –helped by the supportive policy, not only is the country well poised to harness the opportunities presented by the manufacturing sector but is gearing up to complement the dynamism of the services sector to realise the developed country vision by creating jobs for millions of its youthful population, driving inclusive and sustainable prosperity.

A review of manufacturing opportunities available to India, presented in the *Report*, include Making-for-India and Making-for-the-World, in labour-intensive, skill-intensive, resource-intensive, and strategic and defence industries besides opportunities presented by the green industrialisation and digital revolution. This has the potential to more than double the manufacturing value added from US\$ 717 billion in 2024 to \$1.45 trillion by 2030, out of the \$7.5 trillion GDP, creating in that process, millions of direct and indirect jobs. India’s emergence as one of the largest assemblers and exporters of smartphones in the past few years, creating hundreds of thousands of jobs, points to the opportunities as the policies are driving billions

of dollars of investments into solar PV cells and modules, electrolyzers for green hydrogen, and semiconductors, and pharmaceutical APIs, among others.

The *Report* highlights how India is turning challenges into opportunities for emerging as the next manufacturing hub in the coming decades and outlines a policy agenda and institutional framework for accelerating such a transformation.

India's advantages to be leveraged: India can count on several advantages to drive its manufacturing thrust to turn challenges into opportunities. India's large and fast-growing domestic market offers opportunities to Indian and global companies to build world-scale plants to tap scale economies. Given the friend-shoring mantra, the restructuring of supply chains is likely to direct attention to India due to its friendly relations and strategic partnerships with investing countries in the West (the US, EU, EFTA countries, the UK, UAE/GCC countries), as well as in the East (Japan, Korea, Taiwan, Australia, and ASEAN countries). Besides this geopolitical sweet spot, India is also enjoying a demographic sweet spot with a large pool of youthful population as Japan, Korea, China, and Europe are becoming rapidly ageing societies in their demographic transition. The climate action commitments offer an opportunity for India to leapfrog into a more sustainable pattern of industrialisation, with the bulk of its energy generation and industrial capacities to be built over the coming years. ICT software and chip design capabilities can help India take a leading position in digital industrialisation.

Industrial structure, jobs, productivity, scales, financing, and statistics: India has emerged as the fifth-largest manufacturing hub globally, commensurate with her GDP rank. The manufacturing sector has shown dynamism, sustaining an average annual growth rate of 6.8% p.a. over the past decades. However, as the services sector has grown at a slightly higher rate, the share of manufacturing in GDP has tended to stagnate around 16-17% over this period. India has built a diversified industrial base with the rising importance of technology-intensive sectors, although low-technology (labour-intensive) sectors continue to remain important providers of jobs. ISID analysis shows that technology-intensive sectors have witnessed greater dynamism in terms of productivity growth, especially on account of intra-sectoral improvements. The contribution of total factor productivity growth to India's growth has been greater than in its peers. The manufacturing sector has contributed substantially to the

overall total factor productivity growth. An ISID analysis of the corporate performance of over 17,000 manufacturing companies shows that the sector has recovered from the pandemic shock robustly. The pandemic exposed the vulnerabilities of smaller firms and the resilience of mega firms. Profitability ratios also highlight the size advantage. While larger firms seem to have deleveraged, the small and medium firms' dependence on debt has increased. India needs to leverage the respective strengths of both larger (for efficiency and resilience) and smaller firms (for job creation) that may need greater support.

The growing dependence of small and medium firms on borrowings warrants a look at the industrial financing architecture that has changed dramatically since the turn of the century. The demise of term-lending institutions leaves the industry to rely on commercial banks for its longer-term credit as well as working capital needs. Commercial banks remain ill-equipped for term lending due to asset-liability mismatches and a lack of technical expertise for addressing the special needs of the industry. Development banks have played a critical role in successful industrialisers through directed credit. Therefore, ISID makes a case for a new specialised development financial institution for industry equipped to support accelerated industrial transformation of the country.

The *Report* also makes a case for revamping the system of industrial statistics. As the nation seeks to strengthen its industrial base, the statistical frameworks used to measure performance must evolve accordingly. By leveraging modern data sources such as the GST portal while addressing the existing gaps in areas such as the informal sector and employment and its coverage, India can create a more accurate and responsive system of industrial statistics.

Landscape of International Trade, GVC Participation, Competitiveness and FDI: Economic reforms have deepened India's global economic integration. As imports have expanded faster than exports, widening trade deficits on merchandise have been mitigated by growing sur-

pluses on trade in services. India's share in global exports has risen but less impressively compared to peers. The geography of India's trade has been changing with the greater role of Asia, especially for imports, reflected in growing trade deficits with China and surpluses with the West. India's import structure has been changing in favour of manufactured imports. Strategic and selective substitution of imports offers an opportunity for industrialisation. India's export structure has been transformed in favour of skill-intensive products of rising economic complexity and an increased share of global exports in some products. India's GVC participation, although modest, has increased over time and needs to be strengthened in medium and high-technology sectors. India has many fruitful opportunities for diversification into related products including electronics and machinery. In the context of strengthening India's participation in the GVCs, getting preferential access to major markets can be an important factor. Expediting the conclusion of the ongoing FTA negotiations with the EU and the UK— including through early harvest schemes and considering being a part of one of the emerging regional arrangements in the Indo-Pacific— could be helpful.

An ISID analysis of factors determining export competitiveness of over 11,000 Indian companies in the manufacturing sector finds a significant positive, but non-linear, role of firm size, and significant positive effects of innovative activity, technology imports, and GVC participation. Some degree of automation and capital-intensive processes may be desirable for export competitiveness. FDI, both inwards as well as outwards, has a positive influence on export competitiveness.

Liberalisation of FDI policy has been further bolstered by the Make-in-India and PLI schemes. Reforms have helped to improve India's investment climate as India seems to be catching up with other Asian countries in terms of FDI's importance as investible resources. India's share in global FDI inflows has also risen, although some decline has been observed over the past few years. India has emerged as one of the top destinations for greenfield projects. India has a much greater potential for FDI inflows. MNC affiliates in India consistently perform better than their parents, indicating the criticality of the India strategy. Indian enterprises are also emerging as significant sources of outward FDI and foreign acquisitions that could be encouraged to foster their global footprints.

Innovation activity and Industry 4.0: India's spending on R&D activity has been much lower than the global average. The bulk of it is undertaken by government institutions and not by business enterprises where it could help drive productivity and competitiveness. On the other hand, India has emerged as a global R&D platform for MNCs, hosting around 1,700 Global Capability Centres (GCCs) of MNCs that are involved in significant research and innovation endeavours. Patenting Activity in India, including by residents as well as patents taken abroad, has shown robust growth in recent years. India has also moved up from 81st rank to 39th rank in the Global Innovation Index rankings over the past decade. India's R&D statistics fail to capture the full scale of innovative activity, including informal innovations and R&D activity of GCCs. ISID estimates that the actual scale of R&D expenditure in India may be around 1.25% of GDP. The R&D expenditure needs to rise to above 2% gradually especially as the country seeks to harness the opportunities presented by the green and digital revolutions for its industrial transformation. Besides the Anusandhan National Research Foundation and the Rs 1 lakh crore corpus set up by the government that can help, the *Report* lists some policy lessons for enhancing the innovative activity of business enterprises, including through fiscal incentives and subsidies, a second-tier IPR system, strengthening collaboration between industry, academic, and public research, and for enhancing the domestic knowledge spillovers from GCCs.

India is recognized for a relatively high level of readiness for IR4.0. The landscape of IR4.0 adoption by the Indian industry is highly uneven. Digital technologies are being leveraged for digital identity, micropayments, direct benefit transfers, public procurement, e-commerce for MSMEs, and inclusive access to public services. The *Report* makes a case for making India's education system fit-for-purpose for Industry 4.0 to exploit the potential of the country to emerge as a skill capital of the world for new technologies. MSMEs need to be supported in leveraging Industry 4.0 through facilitation and extension services.

Green Industrialization and Corporate Sustainability: Besides the net zero emissions (NZE) by 2070 goal, India has also committed to ambitious sub-targets of meeting 50% of energy requirements from renewable sources and reducing the emissions intensity by 45% by 2030. The Government has proactively acted towards these targets reflected in the falling emission intensity of the

economy. India's ambitious clean energy transition goals need to be supported by a local manufacturing base, as the highly concentrated global Solar PV equipment supply chain is not conducive to rapid deployment. The government policy has focused on creating demand as well as supply of solar energy. While the creation of solar energy capacity has been encouraged through long-term power purchase agreements (PPAs), the domestic solar equipment manufacturing ecosystem is being incentivized through the PLI scheme, driving India towards self-sufficiency in Solar PVs by 2026. A Green Hydrogen Mission is fostering green hydrogen value chain. The focus of decarbonization of the transport sector is on developing a robust Electric Vehicles (EVs) ecosystem in the country, with their adoption fostered by incentives under FAME and the public charging infrastructure, their local manufacturing base (including that for EV batteries) supported by PLI. Perform Achieve Trade (PAT) scheme is supporting enhanced energy efficiency in industries. However, decarbonisation of hard-to-abate sectors will often require a switchover to new technologies (e.g. blast furnaces to arc furnaces in steel-making, for instance), and new feedstocks (such as green Hydrogen), requiring resources and access to technologies. In the context of the incipient Carbon Border Adjustment Mechanism (CBAM) by the EU, urgent action will be needed to transition towards carbon pricing approaches and other innovative financing instruments to support the decarbonisation of the affected sectors. MSMEs will need to be assisted in their clean transition. Innovative activity can help India take global leadership in select green industries such as advanced chemistry batteries, EVs, and solar PVs, where the technology frontier is still evolving. India has been very proactive in building international partnerships and alliances such as the International Solar Alliance (ISA), the Coalition for Disaster Resilient Infrastructure (CDRI) and the Global Biofuel Alliance (GBA). More such alliances would be needed for developing global value chains of green products such as solar PVs and storage solutions, among others, through access to green technologies and critical minerals.

An ISID Survey of corporate sustainability practices of the top 100 manufacturing companies based on their SEBI-mandated BRSR returns found that the bulk of the sample companies have adopted net-zero targets. Emissions and energy intensities are declining for the majority of companies, and they are embracing the clean

energy transition. Top Indian companies are also conserving water, moving forward towards waste recycling, and adopting sustainability in their supply chain management. They are also directing greater R&D and capital expenditures towards sustainability. Global benchmarking of top Indian companies concerning their peers underscores a reasonably good performance, with their ESG ratings improving over time. ISID recommends an extension of the scope and coverage of corporate disclosures on sustainability.

Harnessing the Potential of MSMEs and Startups: MSMEs are considered to be the backbone of the Indian economy, given their important role in supporting the livelihoods of millions of people and fostering economic growth. They have also been important and dynamic players in India's manufacturing sector, contributing nearly a third of India's GDP, producing a wide range of goods and services and contributing to balanced regional development. Employment, women ownership and productivity of Indian MSMEs seem to be rising. MSMEs have been affected by import surges in consumer goods imports, including through organised retail. The government has adopted several schemes for MSMEs' promotion, including the One-District-One-Product (ODOP) to leverage district-level specialisation. Clusters can also help enhance competitiveness. MSMEs face several constraints and remain vulnerable to shocks, and the ISID surveys have shown that their awareness of promotional schemes remains poor. This needs to change. Helped by the Startup India Mission and initiatives of some State governments, India has emerged as the third largest ecosystem globally for Startups. The rising number of unicorns among the Startups is an indication of their potential. A robust startup ecosystem not only fuels innovation and economic growth but also positions India as a global hub for entrepreneurship and technological advancement. The G-20 under India's Presidency in 2023 has also pushed the MSMEs and small businesses to the global development agenda, facilitating consensus building on the importance of integrating MSMEs with global value chains through some institutional mechanisms. The *Report* makes some proposals to strengthen the overall ecosystem for smaller businesses, including enhancing their participation in GVCs.

Industrial Infrastructure, SEZs, Connectivity and Balanced Regional Development: Development expenditure, infrastructure, human development, credit availability, and urbanisation

explain much of the variation in inter-state patterns of manufacturing, including those inherited at the Independence. Over time, several policies have been adopted to foster balanced regional development, including the industrial licensing system, and freight equalisation policies in the pre-reform era. The fiscal incentives provided in the post-reform period seem to have helped certain lagging States. Infrastructure deficits need to be closed to unleash industrialisation and prosperity. Even though a pioneer of Export Processing Zones (EPZs) in Asia, India has had mixed success with them. The revamped Special Economic Zones (SEZs) have become more popular with services than manufacturing. SEZs host some of the high-technology pioneering ventures as well as those helping in the development of lagging regions. Broadening the objectives and infrastructure development could help enhance their effectiveness.

The Indian Government is building multi-modal industrial corridors to beef up industrial infrastructure and to foster more balanced regional development. Coastal economic zones and ports-led development also have important potential. High-speed dedicated freight corridors (DFC) connecting the major cities are transforming the logistics landscape. Multi-modal logistics parks (MLPs) strategically leverage comprehensive freight-handling facilities. PM Gati-Shakti is integrating infrastructure and logistics networks. National Logistics Policy (NLP) is helping to streamline last-mile delivery. New technology is helping to leapfrog into higher efficiency in logistics. Trade facilitation has also been improved with digitalisation, and efficiency improvements are reflected in India's improving rank in the logistics performance index. The Vizhinjam port is likely to reduce dependence on Colombo for transshipments. With emerging international transport corridors on the East (such as the India-Myanmar-Thailand Trilateral Highway) and the West (such as the International North-South Transport Corridor (INSTC) and the India, Middle-East, Europe Economic Corridor (IMEC), India has the potential to emerge as the hub of Asia-Europe trade. The *Report* makes a case for India boosting its shipping capacity through a major investment or acquisition of a shipping line to reduce dependence on foreign liners for strategic reasons.

Identifying 'what' and 'where': The *Report* identifies the following broad manufacturing sub-sectors for further deepening:

- Labour-intensive sectors such as textiles and garments, leather goods, food processing, gems and jewellery, toys, and furniture, for their job-creating potential;
- Skill-intensive industries such as pharmaceuticals, vaccines, medical devices, chemicals, automotive and auto components, metal products, electrical and non-electrical machinery, and electronics and telecom equipment, for their rapidly rising demand within and outside the country;
- Green industries such as Solar PV cells and modules, wind turbines, advanced chemistry batteries, electric vehicles, green hydrogen, and electrolysers, making it, among others, for sustainability considerations and expanding markets; and
- New strategic and sunrise industries including semiconductors, defence industrialization, ship-building, and assembly of civilian aircraft.

State Profiles and Diversification Opportunities: Finally, the *Report* presents an economic and industrial profile of each State/ UT and makes a preliminary attempt to identify select subsectors/ products that could be considered by different States for diversifying into, identified by ISID using the Harvard Growth Lab's product space maps methodology. These diversification opportunities could be realised by the State governments through their proactive policies in investment promotion.

The Way Forward for a Manufacturing-led Transformation--Towards a New Industrial Strategy for a New India: The *Report* makes a case for the adoption of a New Industrial Strategy (NIS) for the Inclusive, Sustainable and Competitive Manufacturing Sector to realize the developed country vision by 2047. NIS should provide a framework for accelerated industrialisation of the country in the changed context and pave the way for the realisation of the developed country vision by generating jobs and prosperity in an inclusive, sustainable and balanced manner, without losing sight of competitiveness. Some of the key elements of NIS, identified in the *Report*, are outlined below:

- The strategy could set some guiding targets such as doubling India's share in global manufacturing value added and in manufactured exports, say by 2030 and articulate some broad principles such as the primacy of localization of jobs and value addition, entrepreneurship, and locally anchored technological

- capabilities in a WTO-consistent language.
- It could identify the sectors that would be targeted for building leadership-in, depending on our factor endowments such as labour abundance and skills, natural resource endowments, dynamic high-value adding sectors and strategic sectors.
 - The strategy could include principles for fostering new, pioneer and strategic industries, MSMEs and start-ups, including through incentives and other industrial policy tools such as public procurement, offsets provisions, local content regulations, and export-performance requirements.
 - The strategy could also seek to leverage the resources of MNCs, especially in the context of the ongoing supply chain restructuring, including through proactive investment targeting. At the same time, national champions in key sectors could be supported to build up scales including through their outward FDI (OFDI) and foreign acquisitions.
 - The strategy could foster innovative activity and innovation-based rivalry between firms to put India on the path of innovation-led growth besides helping the country leverage opportunities in the incipient digital revolution.
 - It should foster opportunities for green industrialization including taking possible leadership through innovative activity in areas where the technology frontier is still evolving such as EV batteries, and through sustainable corporate practices and retrofitting of conventional industries. It could also assist MSMEs in their green transition and digitalization and help them integrate with GVCs.
 - The strategy could also recognize the criticality of maintaining a competitive exchange rate, and provide for an institutional architecture for long-term industrial financing and development of the corporate bond market.
 - The strategy will also underscore the critical importance of the provision of efficient industrial infrastructure, logistics, cross-border connectivity and trade facilitation and the ways and means for providing them. It should provide guidance for the State governments for proactive investment promotion and facilitation, including through the creation of industrial infrastructure, skill development, and smooth industrial relations to tap opportunities for industrial diversification.
 - The strategy should also pay attention to the demand side, especially in the context of the external context turning less benign, including through a conditional income support scheme for the bottom 30% of the population which could also help to address the challenge of rising inequalities and persisting poverty.
 - More importantly, the strategy could provide a framework for supporting Indian manufacturing through multilateral, regional and bilateral trade negotiations to obtain market access for Indian products in major markets and to create policy space to leverage strategic interventions. India's strategy towards development assistance could have a strategic element coordinating with the trade policy.
 - Finally, the strategy should provide a high-powered institutional architecture for coordinated implementation in a dynamic setting.

To sum up, therefore, manufacturing-led transformation (alongside the robustly growing services sector) would be critical for creating decent jobs for India's youthful population and unleashing the structural transformation towards higher productivity engagement of the workforce from one dominated by low productivity informal sector activities. The past decade has seen the revival of industrial policy aiming to harness India's potential for the manufacturing sector. Although the external context has turned less benign for fostering manufacturing-led transformation than the hyper-globalization phase that supported the industrialisation of China among other East and Southeast Asian countries, there are also opportunities presented by supply chain restructuring and green transition.

As it seeks to foster inclusive and sustainable prosperity to achieve a developed country status by 2047, India needs to pursue its march towards industrialisation with greater determination and resolve. India could adopt a new industrial strategy as a broad framework guiding and shaping the future development trajectory of the nation over the next quarter century, not only escaping the middle-income trap but also scripting the emergence of a new, confident, industrialised nation on the global stage, able to provide inclusive, balanced and sustainable prosperity to all its people!

Manufacturing-led transformation has been an important pathway to prosperity globally—employed by developed countries such as the US, Germany, and Japan or newly industrialised countries such as the Republic of Korea, Taiwan, and China. As India embarks on achieving its aspirations to achieve a developed country status by 2047, the manufacturing sector seems to be an answer to creating decent jobs for its youthful population and fostering inclusive prosperity. There is also a realisation that high dependence on imports of manufactured goods can compromise the nation’s strategic autonomy. Hence, the government has lined up a full bouquet of reforms, Make-in-India and PLI incentives, ease-of-doing business, industrial corridors and other infrastructure, and promotional measures.

The *India Industrial Development Report 2024-25*, takes stock of India’s manufacturing landscape, its strengths, weaknesses, opportunities, challenges, and policies adopted and emerging trends globally at the current juncture. It concludes that – helped by the supportive policy, not only is the country well poised to harness the opportunities presented by the manufacturing sector but is gearing up to complement the dynamism of the services sector to realise the developed country vision by creating jobs for millions of its youthful population, driving inclusive and sustainable prosperity.

A review of manufacturing opportunities available to India, presented in the *Report*, including those presented by the green industrialisation and digital revolution, has the potential to more than double the manufacturing value added by 2030, creating, in that process, millions of direct and indirect jobs.

The *Report* highlights how India is turning challenges into opportunities for emerging as the next manufacturing hub in the coming decades and outlines a policy agenda and institutional framework for accelerating such a transformation of the country into a new, confident, industrialised nation on the global stage, able to provide inclusive, balanced and sustainable prosperity to all its people!

Prepared by the research team at the Institute for Studies in Industrial Development (ISID), the *India Industrial Development Report 2024-25* is an invaluable resource for policymakers, development economists, analysts and students of industrial development.



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INDIA

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www.academicfoundation.org



Institute for Studies in
Industrial Development,
New Delhi

<https://isid.org.in>

The Work is published by AF Press
in association with Institute for Studies in
Industrial Development (ISID), New Delhi.

ISBN 978-93-327-0662-0



INR 2500 (Ind sub)
US\$ 79.95 (overseas)