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**302**

WORKING PAPER

# Growth and Performance of Indian Corporate Manufacturing Sector

**Beena Saraswathy**

July 2025

# Growth and Performance of Indian Corporate Manufacturing Sector

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July 2025

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# Growth and Performance of Indian Corporate Manufacturing Sector

*Beena Saraswathy\**

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*Abstract: The manufacturing sector has played a key role in the growth process of countries, often referred to as the 'engine of growth.' In India, the planned economic development process emphasised rapid industrialisation, particularly focusing on the heavy and basic industries, with the public sector initially taking the lead. Currently, the private corporate sector has largely taken over the role that public sector held in many sectors. The study assessed the growth and performance of the Indian corporate manufacturing sector in terms of output growth, profitability, trade performance and R&D efforts. The findings indicate the scale of operation is critical for sustaining in the market in terms of output, profitability and resilience to shocks. Although smaller firms are having a higher wage share they remain vulnerable to market shocks. Profits are not reinvested in capital formation as required. Even highly profitable firms are failing to invest adequately in technology. Despite policy efforts, R&D intensity remained very low. However, there are promising firms and sectors. Similar to R&D, India must also focus on enhancing the export intensity of firms. In short, to achieve our industrial development goals, India should leverage the complementary strength of both larger and smaller firms. Additionally, the public sector needs to reorient its focus to address investment gaps in emerging technologies and sectors where there is a high import dependence, and low private sector investment.*

*Keywords: Firm Performance; Regulations and Industrial Policy; Industry Studies: Manufacturing*

*JEL Classification: L250; L5; L6*

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*Acknowledgement:* This study is an extended version of the inputs used in the India Industrial Development Report (IIDR) 2024-25. My sincere thanks to Prof Nagesh Kumar for the guidance and support given throughout this study. Also, I am thankful to Prof Chalapati Rao, Dr Satyaki Roy and Dr Surajit Das for providing useful comments on this study.

*For the complete working paper, please contact the author at [sbeena@isid.org.in](mailto:sbeena@isid.org.in)*

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