



DAILY EDITORIAL ANALYSIS

TOPIC

**SCALING & BALANCING
MANUFACTURING SECTORS IN
INDIA**

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Context

- Apple's evolving supply chain strategy is reshaping the **global manufacturing landscape**—and India is emerging as a key beneficiary.
 - ♦ As of 2025, India now produces 18% of the world's iPhones, up from just 1% a few years ago, however, China still accounts for over 75% of global iPhone production.

Manufacturing in India

- It encompasses industries engaged in the **production, processing, and assembly of goods**, contributing significantly to the country's economic growth and employment.
- It includes textiles, electronics, automobiles, pharmaceuticals, chemicals, and renewable energy components.
- **Vision:** India aims to increase manufacturing's share of GDP from the **current 17% to 25% by 2047**, as part of its Viksit Bharat vision.

Why is India Far Behind Than China in Manufacturing Sector?

- **Scale and Ecosystem Depth:** China has spent decades building a **deep, vertically integrated** manufacturing ecosystem, especially in **electronics, machinery, and renewable energy**.
 - ♦ However, **India is still developing** its industrial clusters and supply chain networks, which limits scalability and efficiency.
- **Infrastructure and Logistics:** It enables rapid production and delivery.
 - ♦ However, India has improved but logistics costs remain high, and infrastructure gaps persist, especially in hinterland regions.
- **Investment and Policy Continuity:** China attracted massive FDI by offering predictable policies, tax incentives, and streamlined approvals.
 - ♦ India's regulatory environment has improved, but bureaucratic delays and policy shifts still deter some investors.
- **Skilled Workforce and Productivity:** China trained millions of workers in precision manufacturing.
 - ♦ India has a large labor force, but **skill mismatches and lower productivity** levels hinder high-tech manufacturing growth.
- **China's Strategic Industrial Policy:** China's **Made in China 2025** plan aggressively supports high-tech sectors through subsidies, R&D funding, and export incentives.
 - ♦ India is responding with PLI schemes and quality control orders, but matching China's long-term industrial strategy remains a challenge.
- **China's Dual Circulation Strategy:** It emphasizes self-reliance in critical tech and a strong domestic supply chain base.

Key Strategies and Reforms

- **Expansion of PLI Schemes & Global Supply Chain Integration:** The government has rolled out PLI schemes across 14 sunrise sectors, including semiconductors, medical devices, and renewable energy components, to boost domestic production and exports.
- **Omnibus Technical Regulation (OTR)-2024:** It consolidates safety and quality standards across over 400 products, aligning Indian manufacturing with global benchmarks.
- **Quality Control Orders (QCOs):** The **Bureau of Indian Standards (BIS)** has ramped up QCOs to ensure that both domestic and imported goods meet high-quality standards, protecting consumers and local industries.
- **Infrastructure and Logistics:** Initiatives like **Gati Shakti and the National Logistics Policy** aim to reduce logistics costs and improve supply chain efficiency—critical for scaling manufacturing.
- **Skill Development and Employment:** With over 6 crore people employed in manufacturing as of 2020, the sector is a major job creator.

- ♦ The government is investing in vocational training to meet the **demands of Industry 4.0**.
- **National Manufacturing Mission:** It was announced as part of the **Union Budget 2025-26** to strengthen India's manufacturing sector, covering **small, medium and large industries**, emphasizing:
 - ♦ Ease and cost of doing business
 - ♦ Future-ready workforce development
 - ♦ Revitalization of MSMEs
 - ♦ Access to cutting-edge technology
 - ♦ Production of globally competitive quality products.
- **Infrastructure and Logistics Development:** The government has invested in **industrial corridors, smart cities, and logistics improvements** to enhance manufacturing efficiency.
 - ♦ The **National Infrastructure Pipeline (NIP)** and **National Monetization Pipeline (NMP)** aim to modernize industrial infrastructure.
- **FDI and Trade Policy Reforms:** Over the last decade, total FDI inflows amounted to \$709.84 billion, accounting for **68.69% of the overall FDI** inflow in the past 24 years.
 - ♦ Policy measures such as GST implementation, corporate tax reductions, and streamlined regulatory processes have improved the business environment.
- **Focus on Clean-Tech Manufacturing:** India is scaling up clean-tech manufacturing, focusing on solar PV cells, EV batteries, wind-energy components, and hydrogen technology.
 - ♦ These efforts align with India's climate goals and aim to reduce import dependence.

Source: BS

Mains Practice Question

[Q] Analyze how India's manufacturing strategy is evolving in response to China's industrial dominance. What key lessons can India learn from China's experience in the manufacturing sector?

