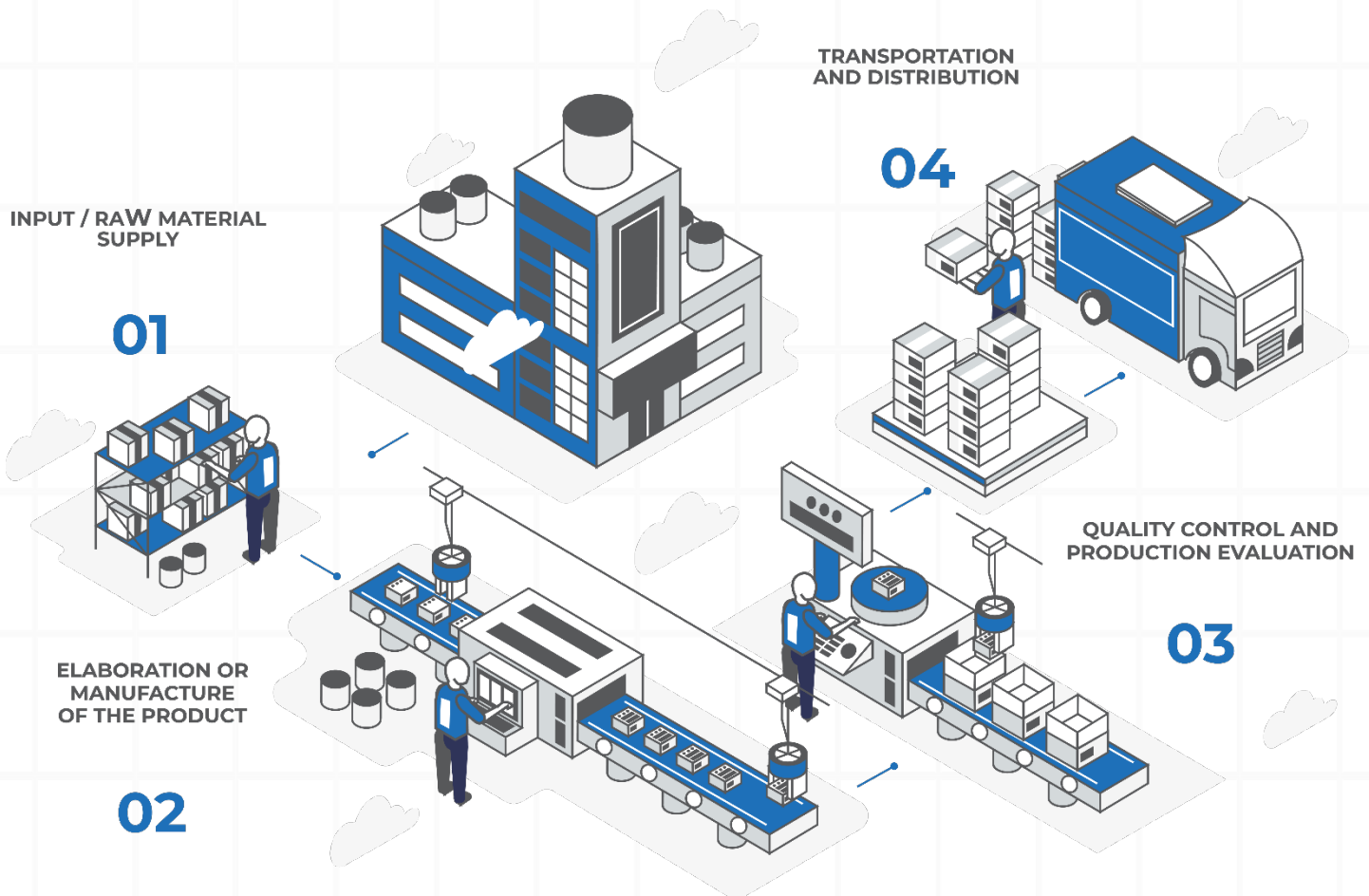


India's Manufacturing Revolution



Investing in the Next Phase of Amrit Kaal: \$3 Trillion Opportunity

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India's Manufacturing at an inflection point of high growth

GROWTH VECTOR: MANUFACTURING

Driven by key initiatives like Make in India, PLI, PPP, FDI inflows, Ease of doing Business, Infrastructure Construction etc.



US\$ 3 trillion opportunity in Industrial activity by 2035

The manufacturing sector currently stands as one of the primary growth sectors in India, catering to both domestic and international markets.

First 2 phases of India's transformation through the Amrit Kaal vision focused on building the digital and the physical infrastructure. Phase 1 created a nationwide marketplace with GST, ONDC, UPI, Jan-Dhan accounts, Aadhaar, and affordable telecom. Phase 2, still ongoing, focuses on physical infra through the Gati Shakti initiative to enhance logistics efficiency and future readiness. The third phase of Amrit Kaal will focus on growth of Industrial and Services sectors.

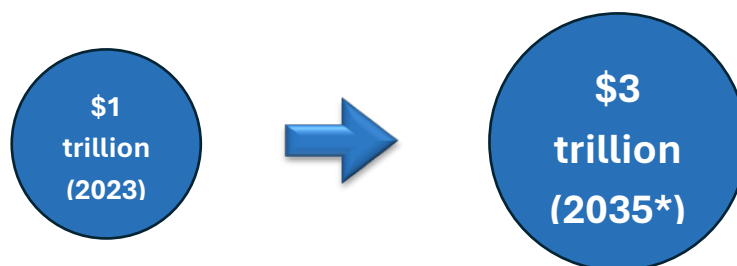
India is poised to continue emerging as a preferred destination for manufacturing investments due to the availability of raw materials, low labor costs, a favorable corporate tax rate for manufacturing, and proactive government support through incentives.

For indicators, Apple, which is one of the largest and most quality conscious global firm with a high brand value, has declared that 100% of US-destined iPhones will be made in India. While that is understandable given the high US tariff differential between China & India, the announcement of Samsung considering shifting production from Vietnam indicates that it is more about the production efficiency which is now possible in India rather than tariff differentials.

"Last 5 years industrial sector growth was led by Construction driven by huge investments in the infrastructure, manufacturing is expected to emerge as the growth leader taking 2/3 share of Industrials and more than 20% share of the GDP by 2035"

\$3 trillion opportunity in Industry Sector by 2035

The Industry sector currently accounts for 27.3% of India's GDP, and is expected to increase its share to more than 30% by 2035. By then India's GDP will potentially reach \$10 trillion, giving more than \$3 trillion opportunity for Industry sector as compared to \$1 trillion now.



The manufacturing sector's expansion will not only contribute to GDP growth but also generate substantial employment, reduce import dependency, and improve trade balances. To realize this potential, the sector must adopt advanced manufacturing technologies, improve supply chain efficiencies through infrastructure development, and foster a conducive business environment.

%age of GDP	2023	2035*
Industry	27.3%	30%+

Exhibit 1: India's GDP Contribution from Industry in 2023 and 2035(E)

For FY2024, the GDP share breakup is as follows:

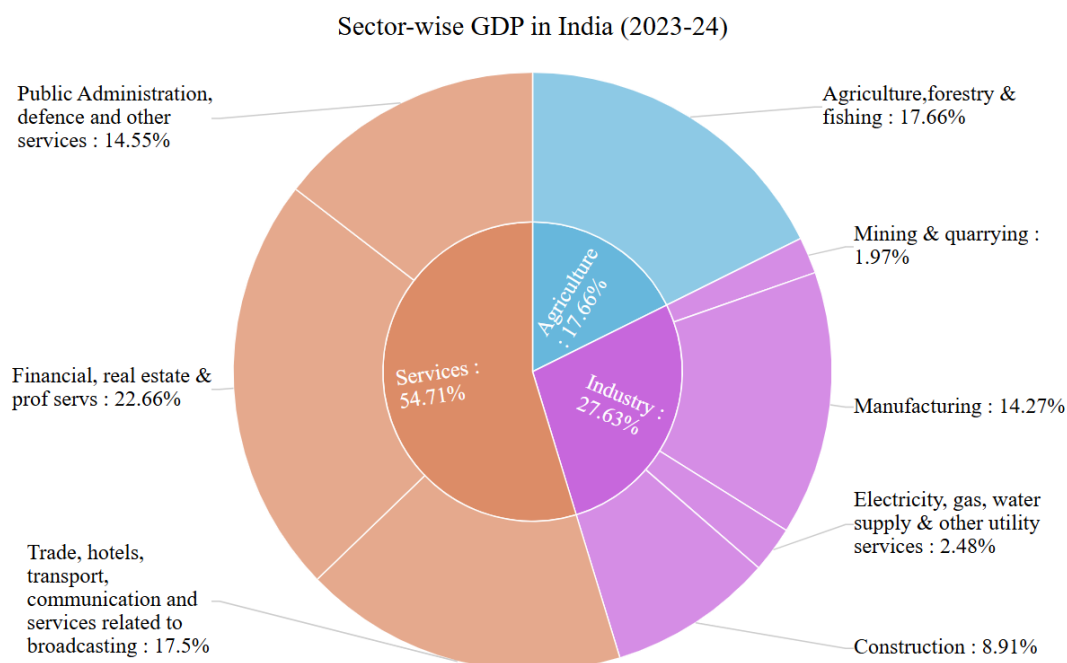


Exhibit 1: Sector-wise GDP break-up of India in FY2024

Source: <https://statisticstimes.com/economy/country/india-gdp-sectorwise.php>

Global Economic Scenario

% GDP (2023)	US	UK	France	China	Japan	Germany	Italy	Canada	Brazil	India
Agriculture	1%	1%	2%	7%	1%	1%	2%	2%	7%	18%
Industry	18%	19%	21%	38%	29%	29%	26%	25%	25%	27%
Services	81%	77%	78%	54%	70%	70%	72%	73%	68%	55%

Exhibit 2: Top 10 economies GDP Break-up

As we can infer that major export-oriented economy like China has its Industry share in GDP at 38% as of 2023. Similarly, India's Industry sector is expected to outpace Agriculture to take a larger share in the GDP pie ~30%-32% by 2035, driven majorly by manufacturing.

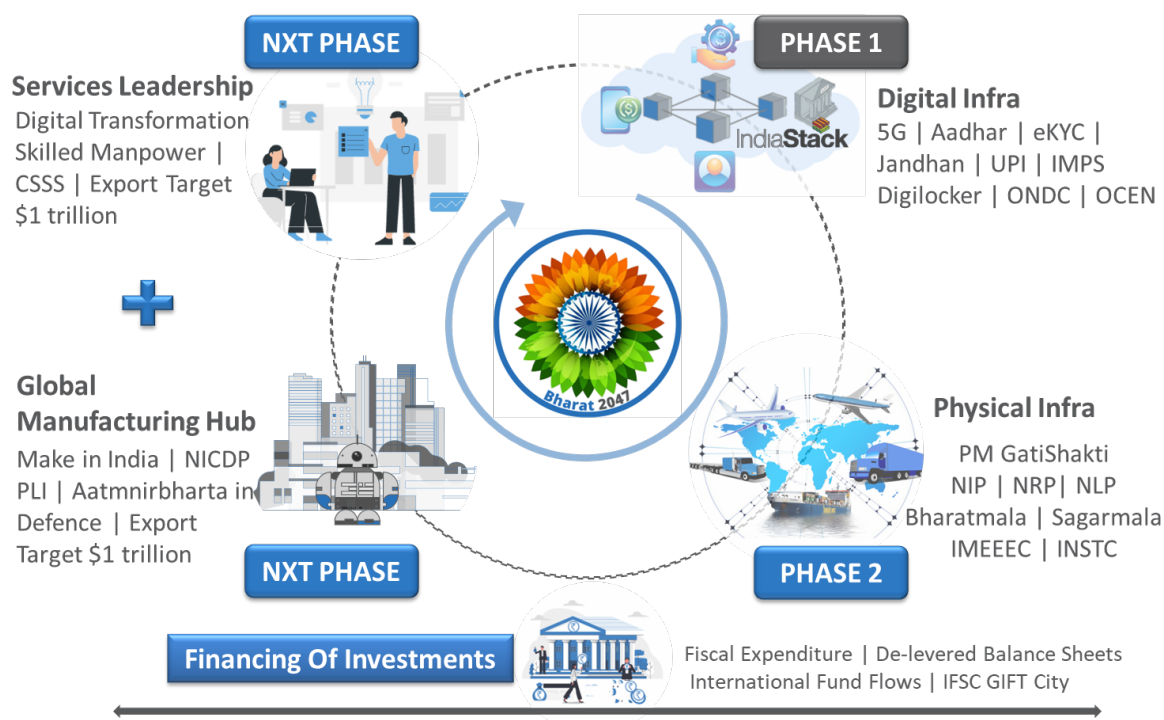


Exhibit 3: Amrit Kaal Vision 2047 Phases

The first phase of digital infrastructure has taken place and Phase 2 is in process which will provide the necessary infrastructure for the Industry and Services sector.

Next phases for India in the “Viksit Bharat 2047” is to make India a Global Manufacturing Hub and leader in the Manufacturing sector. Various necessary initiatives are in place for the same and we will discuss some of them in details here.

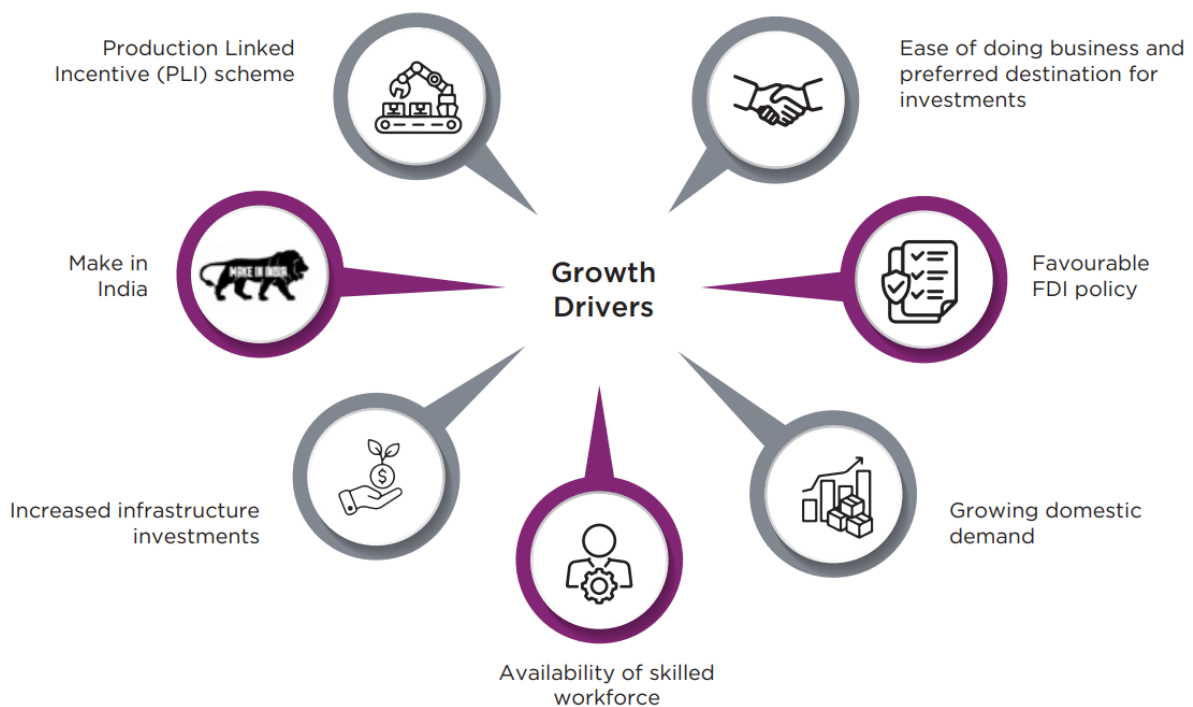
India's Manufacturing Boom: Growth Drivers

The manufacturing sector is pivotal to India's economic growth, significantly contributing to the nation's GDP. Currently, it stands as one of India's key growth sectors, catering to both domestic and international markets. Government initiatives such as the Production Linked Incentive (PLI) scheme, Make in India campaign, liberalized Foreign Direct Investment (FDI) policy, Public-Private Partnership (PPP) models for various public undertakings, and infrastructure development are fueling this growth.

India is poised to become a preferred destination for manufacturing investments due to its abundant raw materials, low labor costs, favorable corporate tax rates for manufacturing, and proactive government incentives. Consequently, India aims to boost the Industry sector's share to 30% of Gross Value Added (GVA) in near future, currently at around 27% as of FY2024.

Here we have provided a thorough review and compilation of data on India's manufacturing sector. This compilation offers essential data and insights to navigate and capitalize on opportunities in India's evolving manufacturing sector.

Growth Drivers:



10 years of Make in India

Launched on September 25, 2014, by Prime Minister Narendra Modi, the "Make in India" initiative marked a significant milestone in India's nation-building journey.

"Make in India" aimed to transform the country into a global hub for design and manufacturing. Its primary goals included attracting investment, fostering innovation, and developing world-class infrastructure. As one of the early 'Vocal for Local' campaigns, it not only aimed to enhance India's manufacturing capabilities but also to highlight its industrial potential on the global stage.

With the advent of "Make in India 2.0" which now covers 27 sectors, the program continues to advance with notable achievements and renewed energy, solidifying India's role as a key player in the global manufacturing arena.



Major Achievements under Make in India:

- ❑ Vande Bharat Trains, India's first indigenous semi-high-speed trains, with 102 services operational, showcasing advanced rail technology.
- ❑ INS Vikrant, India's first domestically made aircraft carrier, marking a milestone in defence production. 'Made in Bihar' Boots, now part of the Russian Army's equipment, showcasing high manufacturing standards.
- ❑ India's electronics sector reached USD 155 billion in FY23, and electronics production nearly doubled from USD 48 billion in FY17 to USD 101 billion in FY23, with mobile phones driving this growth and now making up 43% of total electronics production. The country has significantly reduced its reliance on smartphone imports, manufacturing 99% of them domestically.
- ❑ Merchandise Exports recorded \$437.1 billion in FY 2023-24, highlighting India's role in global trade with its share in global merchandise exports has doubled from 0.9% share in 2005 to 1.8% in 2023.
- ❑ India achieved rapid COVID-19 vaccination coverage and became a major exporter of vaccines to developing countries.
- ❑ UPI achieved global success, facilitating digital transactions in multiple countries, highlighting India's fintech innovation.

NICDP: 32 Projects under 11 Industrial Corridors forming part of National Infrastructure Pipeline

The Government of India is developing 11 Industrial Corridor Projects under the National Industrial Corridor Development Programme (NICDP) across the country in 4 phases. As of July 31, 2023, the DPIIT has sanctioned and released Rs 9,900 crore for the Industrial Corridor Project, with Rs 9,817 crore already utilized.



Exhibit 4: India Map showing 11 corridors plan of GoI

Objectives of the 11 corridors

- **Global manufacturing hub** by developing new industrial cities as greenfield smart cities with advanced infrastructure, incorporating 'plug-n-play' and 'walk-to-work' concepts.
- **Attract investments** from large industries and MSMEs to achieve \$2 trillion in exports by 2030, promoting a self-reliant and globally competitive India.
- **Infrastructure Upgradation**, Aligns with the PM GatiShakti National Master Plan for multi-modal connectivity, transforming regions into vibrant economic hubs.
- **Employment generation**, expected to create 1 million direct jobs and up to 3 million indirect jobs, contributing to socio-economic upliftment.

Major Industries covered by Industrial Corridors

Corridor	Coverage	Industries
Delhi-Mumbai IC (DMIC)	7 States	Industrial clusters, logistics hubs, smart cities
Chennai-Bengaluru IC (CBIC)	3 States	Electronics, automotive, heavy engg, aerospace
Amritsar-Kolkata IC (AKIC)	6 States	Agro-processing, textiles, handlooms
Bengaluru-Mumbai IC (BMIC)	2 States	IT, textiles, engineering, biotech
East Coast Economic Corridor (ECEC)	4 States	Port-led industrialization
Hyderabad-Warangal IC (HWIC)	1 State	Pharma, life sciences, textile, IT

PLI Schemes: Driving India's Manufacturing Expansion

India's manufacturing sector is undergoing a significant transformation, driven by the Production Linked Incentive (PLI) Scheme. Launched in 2020, this scheme aims to establish India as a global manufacturing hub by offering financial incentives to key industries such as electronics, textiles, pharmaceuticals, and automobiles. This approach attracts investments from both domestic and international players, encouraging the adoption of advanced technologies and achieving economies of scale.

A total of Rs 1,95,501 Crore is approved under PLI for 14 major sectors shown in chart.

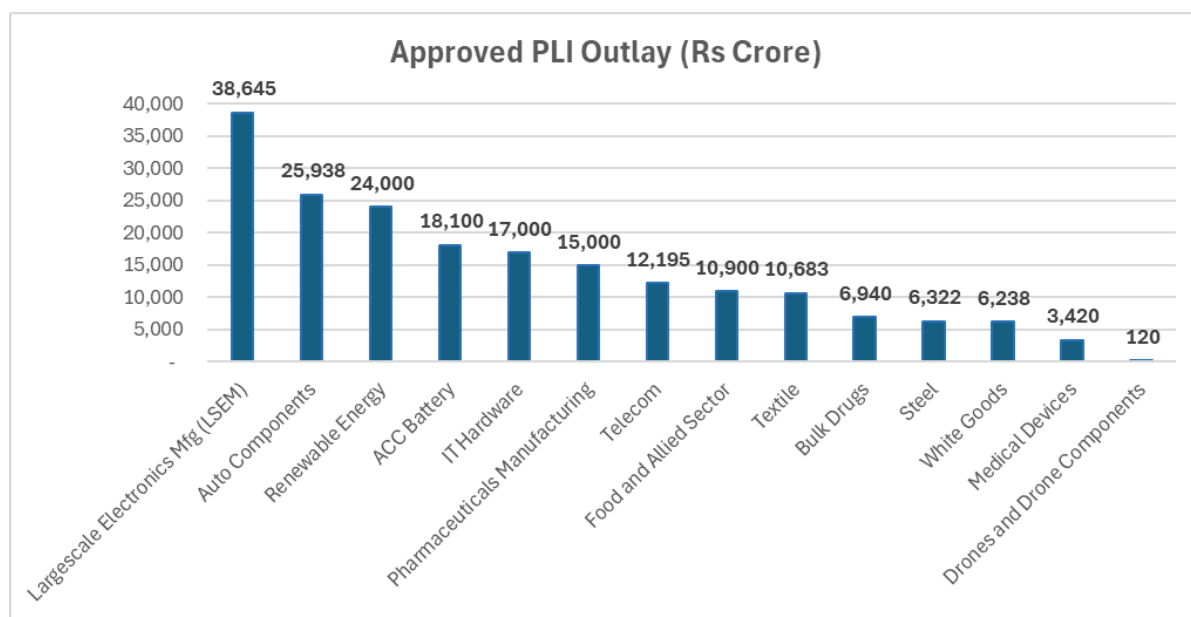
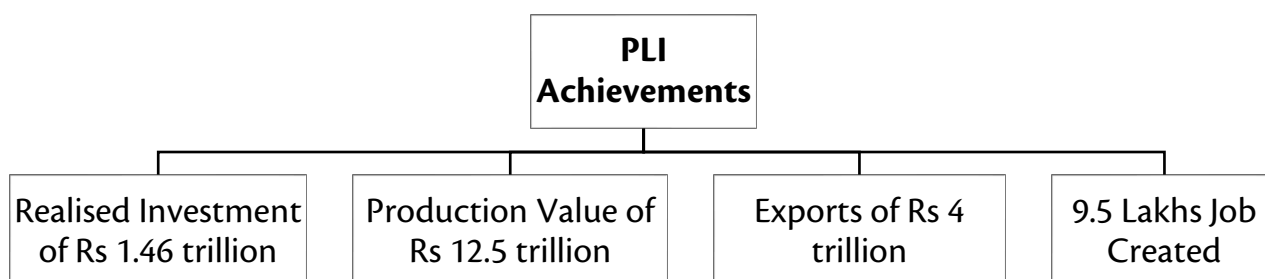


Exhibit 5: Sector-wise Approved PLI Scheme Outlay (Rs Crore)

Aligned with the Atmanirbhar Bharat and Make in India initiatives, the PLI Scheme seeks to strengthen India's manufacturing foundation, reduce dependency on imports, and balance growth with sustainability.

Some Key Achievements of PLI Scheme as of August 2024 are:



Merchandise Trade: Exports

India's merchandise exports have grown at a **3-year CAGR of 18.8%** from FY21 to FY24 and a 5-year CAGR of 9.4% from FY19 to FY24.



Exhibit 6: India's merchandise exports from FY19 to FY24

- To achieve India's ambitious \$1 trillion merchandise export target by 2030, the merchandise exports should increase from the current \$450 billion to \$1 trillion, requiring a year-on-year growth rate of **12%**.

India's share in global merchandise exports has doubled from 0.9% share in 2005 to 1.8% in 2023.

- As quoted in research article by Morgan Stanley, "Manufacturing's share of GDP in India could increase from 15.6% currently to 21% by 2031—and, in the process, double India's export market share." (<https://www.morganstanley.com/ideas/investment-opportunities-in-india>)



Exhibit 7: Comparison of India's share in global merchandise exports in 2005 vs 2023

Merchandise Exports Major Items & Key Trends:

Most of the major export categories have grown at a healthy growth rate, especially during the last three years driven by major initiatives as seen above. Continued policy support, investment in innovation, and strategic trade partnerships will be essential in maintaining this trajectory and ensuring that India becomes a major player in the global manufacturing landscape.

Petroleum Products



Chemicals



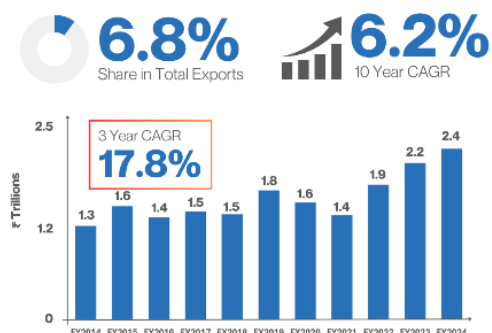
Machinery



Base Metals



Transport Equipment



Electronics



Case Study: Atmanirbhar Bharat in Defence

Since 2014, India's defence sector has undergone a significant transformation, shifting from a largely import-dependent military force to one increasingly focused on self-reliance and indigenous production.

The defence budget has seen a substantial increase, rising from Rs 2,53,346 crore in 2013-14 to Rs 6,21,940 crore in 2024-25 (2.4x increase), demonstrating a clear commitment to enhancing the nation's defence capabilities.

A key driver of this transformation is the growth of India's defence manufacturing industry, which has become an essential part of the economy. Through the "Make in India" initiative and various policy reforms, the government has actively promoted domestic production and reduced reliance on foreign procurement. This shift is a vital component of India's broader vision of achieving Atmanirbharta (self-reliance) in defence, positioning the country as an emerging hub for the production of advanced military technologies and equipment.

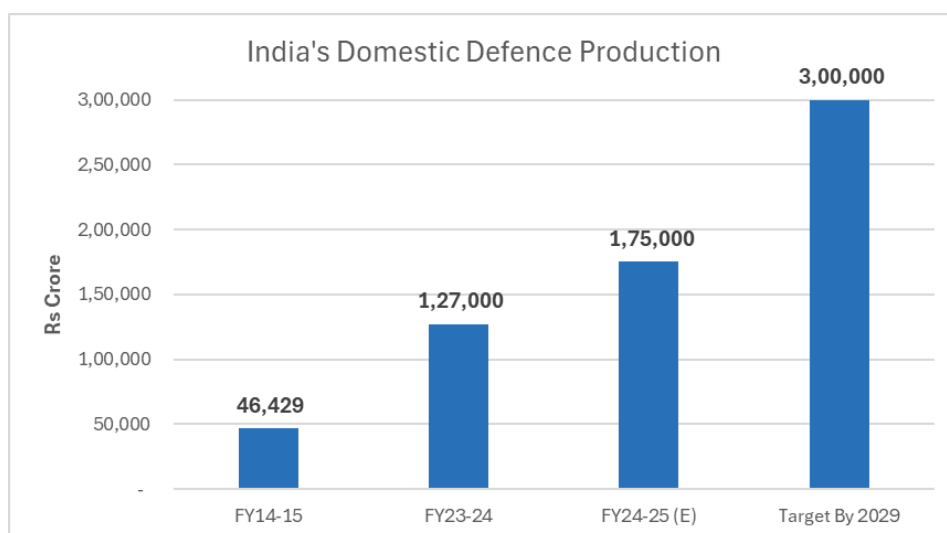


Exhibit 8: Comparison of India's domestic defence production over the years and future target

Record Defence Production: In FY 2023-24, India's domestic defence production achieved a record high of Rs 1.27 lakh crore, reflecting an impressive increase of approximately 174% from Rs 46,429 crore in 2014-15.

India is on track to achieve a target of Rs 1.75 lakh crore in defence production in the current fiscal year 2024-25.

Surge in Defence Exports:

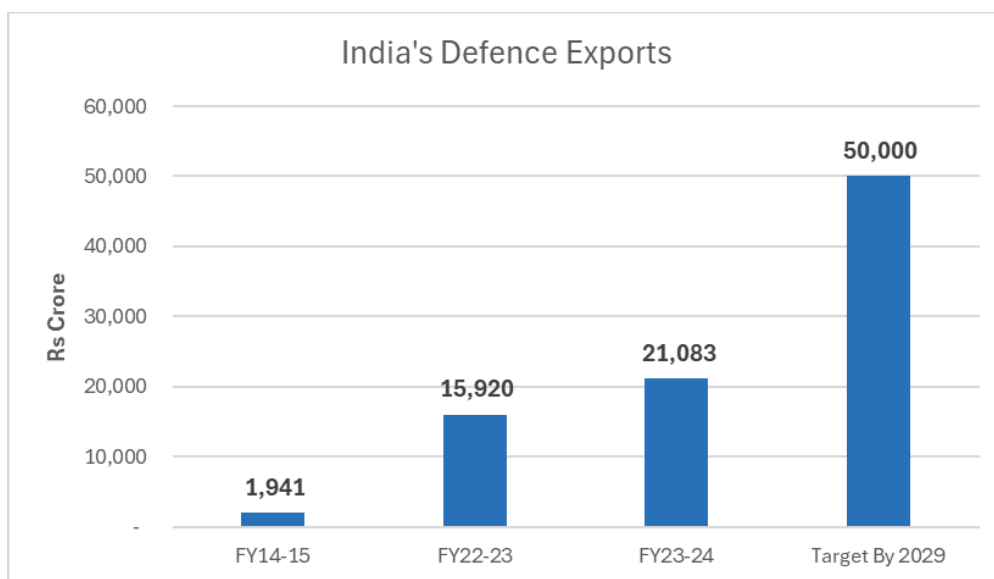


Exhibit 9: Comparison of India's defence exports over the years and future target

- India's defence exports have surged from Rs 1941 crore in FY 2014-15 to Rs 21,083 crore in FY 2023-24, 11x increase with around 30% CAGR over the period.
- A 32.5% growth in defence exports was recorded over the previous fiscal year 2022-23, rising from Rs 15,920 crore to Rs 21,083 crore.

Defence exports have grown **21 times**, from Rs 4,312 crore in the 2004-14 decade to Rs 88,319 crore in the 2014-24 decade.

As India targets Rs 3 lakh crore in defence production and Rs 50,000 crore in exports by 2029, these milestones underscore the country's emergence as a reliable global defence partner. By harnessing innovation, forging strategic partnerships, and enhancing indigenous capabilities, India is poised to play a crucial role in the future of global defence manufacturing and security.

Manufacturing and Construction: Pillars of India's Industrial Growth

India's manufacturing and construction sectors have been pivotal in driving the country's industrial growth over the past few years.

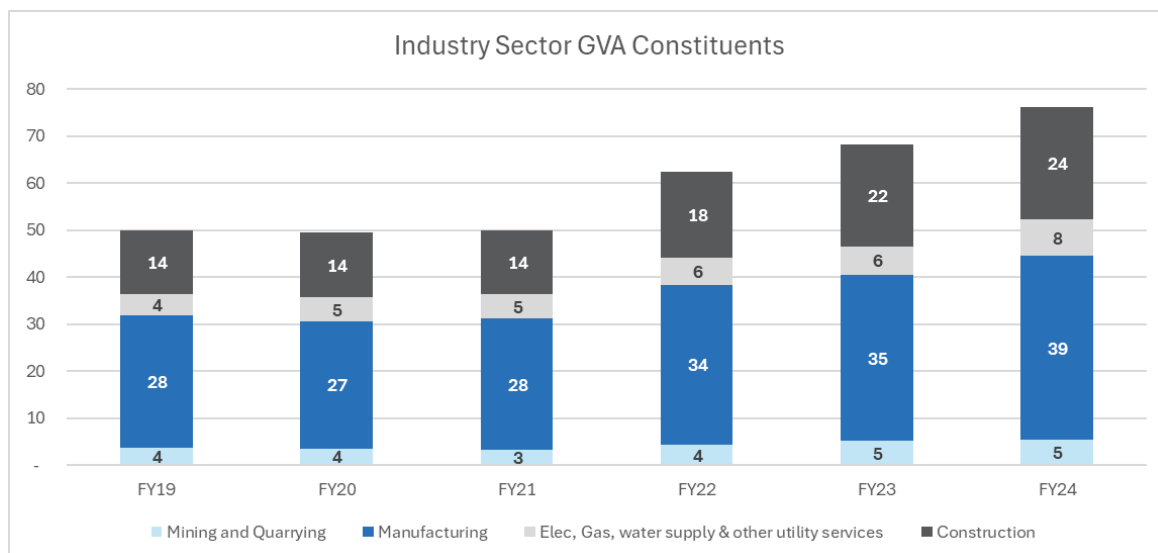


Exhibit 10: Industry GVA break-up from FY19 to FY24

- The Gross Value Added (GVA) data at current prices reveals that the manufacturing sector grew from Rs 28 trillion in FY19 to Rs 39 trillion in FY24, achieving a Compound Annual Growth Rate (CAGR) of 6.9%.
- The construction sector has also demonstrated remarkable growth, with its GVA increasing from Rs 14 trillion in FY19 to Rs 24 trillion in FY24, reflecting a robust CAGR of 12.2%. This sector's expansion underscores the government's focus on infrastructure development, which is critical for economic growth.
- The growth in construction is further supported by the steady performance of the electricity, gas, water supply, and other utility services sector, which grew at a CAGR of 11.3%, ensuring the necessary infrastructure for industrial activities.

Overall, the combined growth of the manufacturing and construction sectors highlights their crucial role in India's industrial landscape. These sectors' performance is a testament to the effectiveness of strategic policies and investments aimed at fostering industrial development.

India's Manufacturing Surge: PMI Hits 57.1, Outshining Major Global Economies

India's manufacturing sector continues to demonstrate robust growth, as evidenced by its impressive Purchasing Managers' Index (PMI) of 57.1 in February 2025. India's strong PMI indicates a healthy expansion in manufacturing activities, driven by increased domestic and international demand, as well as supportive government policies.

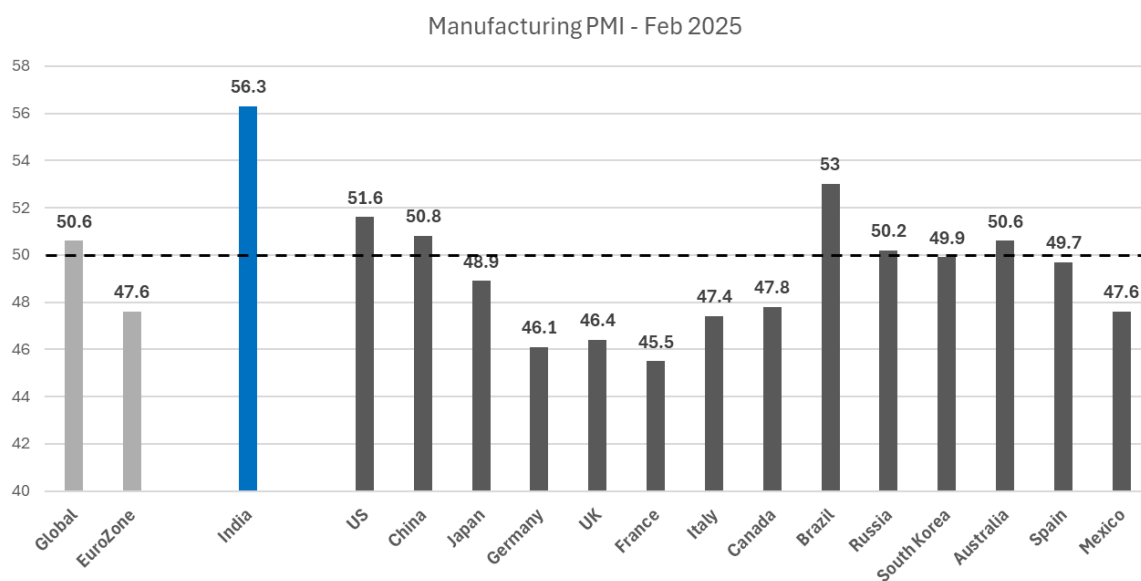


Exhibit 11: Manufacturing PMIs of major economies as of Feb-2025

Manufacturing activities in India have expanded rapidly compared to other major economies, as indicated by their PMIs. This figure not only surpasses the global average PMI of 50.3 in Feb-2025 but also outperforms other major economies such as the US (51.6), China (50.8), and Japan (48.9).

In contrast, several advanced economies in the EuroZone, including Germany (46.1), the UK (46.4), France (45.5), and Italy (47.4), are experiencing contraction in their manufacturing sectors, as indicated by their PMIs below 50. This disparity highlights India's competitive edge in the manufacturing landscape, positioning it as a key player in the global market.

Analysing the past 10-year trend of India's Manufacturing PMI reveals a positive story for Indian economy:

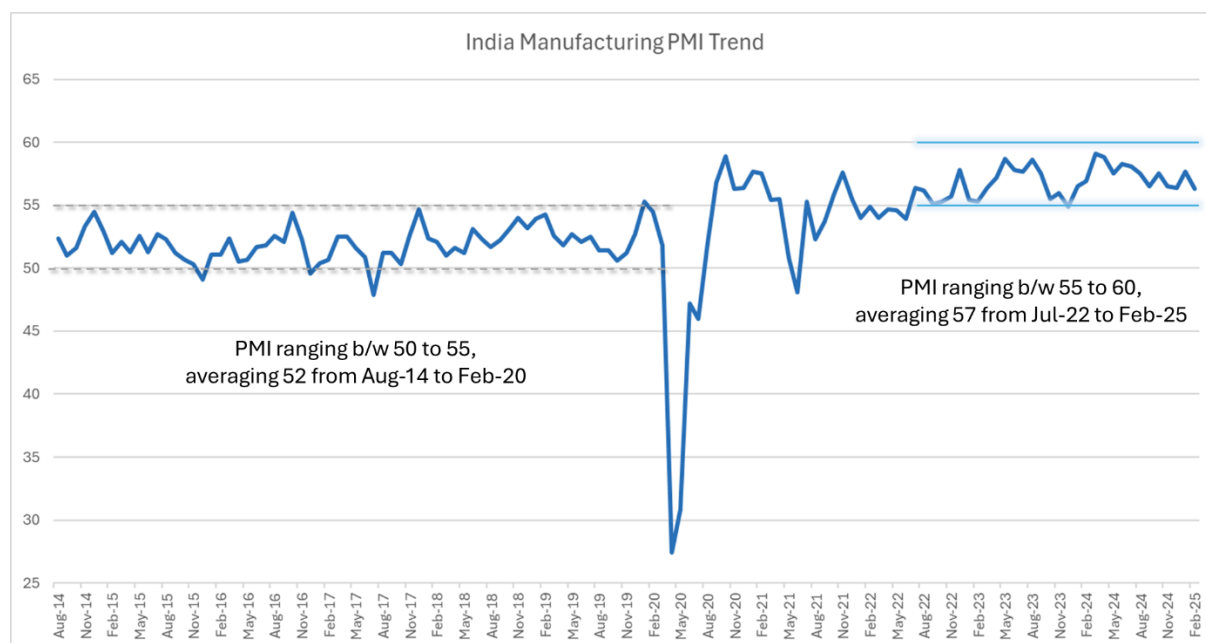


Exhibit 12: India's Manufacturing PMI trend over the years

The positive PMI figures for India reflect the effectiveness of initiatives like the Make in India campaign and the Production Linked Incentive (PLI) scheme, which have bolstered the sector's growth. As India continues to attract investments and enhance its manufacturing capabilities, it is well on its way to becoming a leading manufacturing hub in the Asia-Pacific region.

Industry Ecosystem- At a Glance

Let's look at the top ~1100 Industry & Manufacturing based companies, classification-wise:

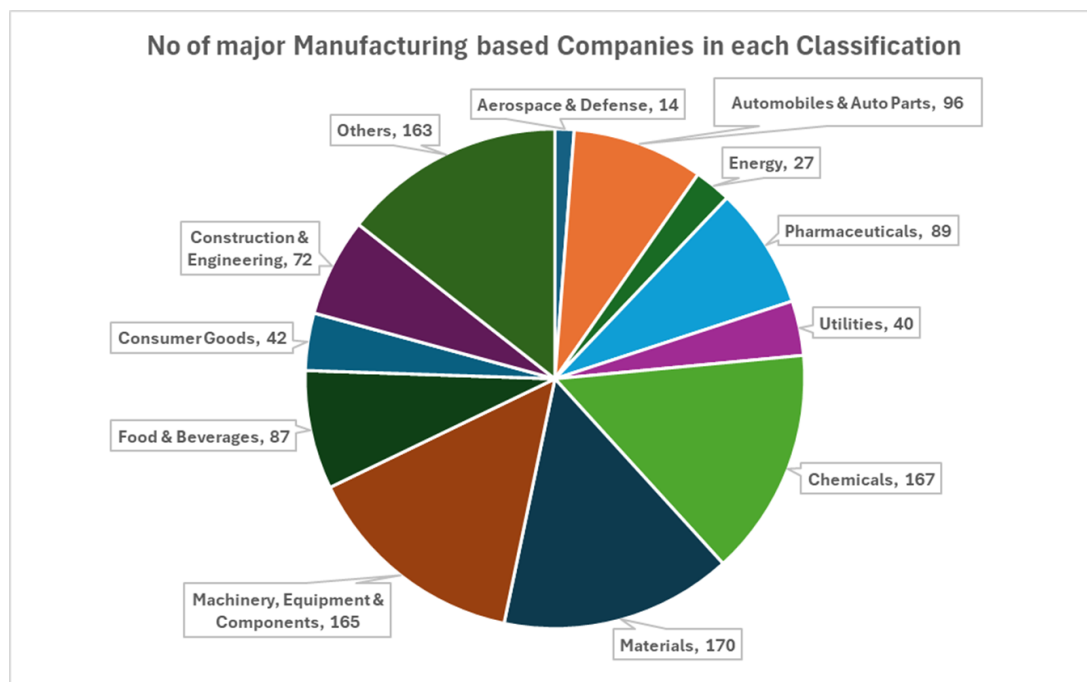


Exhibit 13: No of companies under major classifications in Industry sector as of 25th Apr 2025

Source: Omniscience Research as of 25th Apr 2025

Classification (Mcap 5000 Mn+)	# Companies	Mcap (Rs Mn)	% of Mcap
Materials	170	3,24,79,312	14%
Energy	27	2,92,77,333	12%
Automobiles & Auto Parts	96	2,68,11,108	11%
Pharmaceuticals	89	2,16,59,589	9%
Utilities	40	2,15,43,520	9%
Machinery, Equipment & Components	165	2,13,52,651	9%
Others	163	1,91,02,485	8%
Food & Beverages	87	1,86,59,312	8%
Chemicals	167	1,84,77,584	8%
Consumer Goods	42	1,25,12,340	5%
Construction & Engineering	72	94,56,016	4%
Aerospace & Defence	14	73,75,840	3%
Total Industry	1,132	23,87,07,090	100%

Exhibit 14: No of companies and Mcap of major classifications in Industry sector as of 25th Apr 2025

Current and Forward Valuations of the Ecosystem

We have analysed the major classifications in Industry sector and based on our analysis we have divided the sectors as undervalued in green, fairly valued in gray and overvalued in red as follows:

Classification	PE Median	2-yr Fwd PE Median	5-yr Sales CAGR Median	2-yr Fwd Growth Median
Construction & Engineering	26.5	18.1	12.4%	16.0%
Utilities	25.4	17.2	11.5%	14.6%
Others	27.9	22.5	9.3%	17.0%
Materials	27.2	19.1	10.4%	14.2%
Energy	19.7	12.0	9.5%	6.2%
Machinery, Equip. & Comp.	44.3	31.6	12.9%	16.6%
Automobiles & Auto Parts	28.8	24.0	10.5%	12.3%
Aerospace & Defence	62.1	40.4	16.0%	21.8%
Chemicals	29.0	29.2	11.7%	13.2%
Pharmaceuticals	33.5	28.5	9.2%	12.1%
Food & Beverages	31.0	26.6	8.3%	12.4%
Consumer Goods	47.9	32.6	6.8%	11.0%
Total Industry	32.0	25.8	10.3%	13.9%

Exhibit 15: Current & Fwd PE ratio and growth of major classifications in Industry sector

Source: Omniscience Research

Omni Manufacturing Magnates Portfolio

Our curated portfolio composition for Industry sector is as follows:

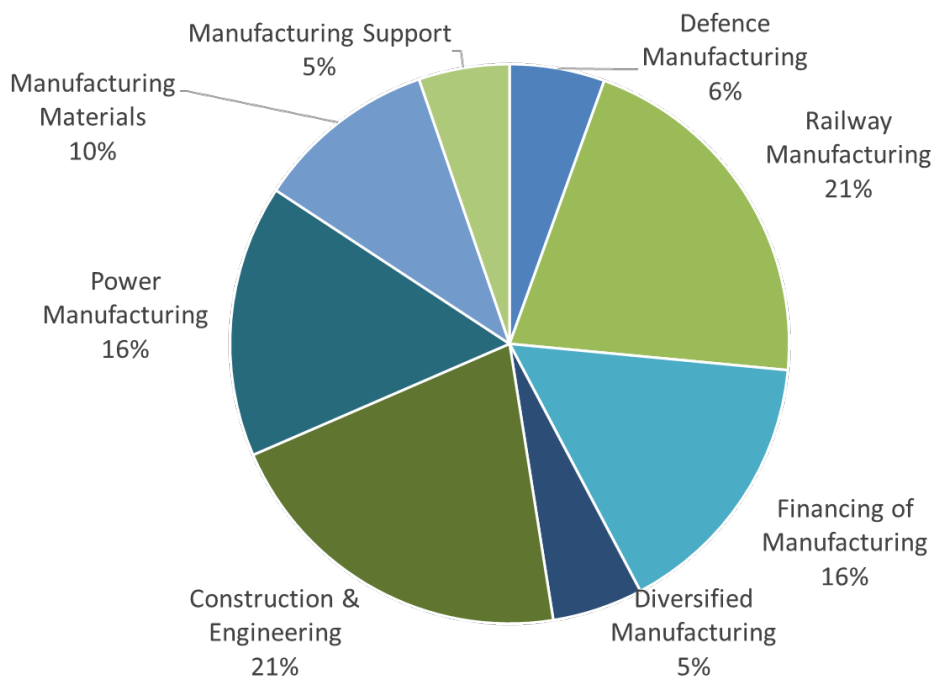


Exhibit 16: Portfolio composition of our curated portfolio for Industry sector

Parameter (As of 25 Apr 2025)	Benchmark	Omni Manufacturing Magnates
Price to Earnings (P/E)	32.7	21.9
Price to Book (P/B)	4.1	3.3
Dividend Yield	0.6%	0.9%
2yr Fwd. PE (Median)	--	19.0
Growth 2yr Fwd. (Median)	--	19.6%

Exhibit 17: Valuation ratios & growth rates comparison of our curated portfolio vs Benchmark

Source: Omniscience Research, Smallcase

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[NICDP Industry Coverage](#)

<https://uppcsmagazine.com/national-industrial-corridor-development-programme-nicdp/>

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