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How India Built the Capabilities Behind Its Manufacturing Rise

Why India's Early Manufacturing Ambitions Fell Short

"India cannot compete in manufacturing."

For years, several structural constraints seemed to support that conclusion: inadequate power and logistics infrastructure, shortages of skilled workers, and difficulties in building coordinated production systems.

India had, in fact, pursued domestic production across industries such as automobiles and steel as part of its import-substitution strategy. Yet establishing factories was only one part of the challenge. Sustained industrial growth also required reliable infrastructure and skilled workforce to support production at scale, both of which India had yet to fully develop, limiting the potential of India's early manufacturing ambitions.

Building from Existing Strengths

India's industrial strategy eventually shifted. Rather than pursuing advanced manufacturing from the outset, the country focused on industries such as toys and generic pharmaceuticals, where its existing workforce and production capabilities could be more readily applied. At the same time, a large pool of engineering talent helped fuel the rapid growth of the software industry.

The significance of this growth extended beyond the success of individual sectors. The expansion of industrial activity also contributed to the development of the foundations needed for more advanced manufacturing, including power and logistics infrastructure, workforce capabilities, and IT systems.

Those foundations subsequently supported the expansion of more advanced industries. Today, sectors such as EVs, medical devices, and aerospace components are expanding in India, bringing increasingly complex technological and production requirements. Meanwhile, the IT talent and digital expertise developed through the software industry are contributing to the digitalization of manufacturing.

This illustrates a cumulative process of industrial development. Capabilities developed in one industry can strengthen another, while each stage of growth creates new possibilities and lays the foundation for the next. Through this cumulative process, India's industrial structure has progressively shifted toward more advanced manufacturing.

Competitiveness Is Built Across Multiple Layers

Discussions of manufacturing competitiveness often focus on products and technologies. Yet these represent only one layer of a broader system.

Other layers, including talent, supply chains, logistics, power infrastructure, digital capabilities, and institutions, are equally important in shaping industrial performance. These layers should not be considered in isolation. Their strategic importance lies in how development in one layer can support progress in another and, over time, strengthen the industrial base as a whole.

India's manufacturing trajectory shows how this process can unfold over time. By building industries around its existing strengths, India strengthened the layers supporting future industrial development, from talent and infrastructure to digital capabilities and institutions. The broader lesson is that long-term industrial competitiveness depends not on any single layer, but on how these layers develop and reinforce one another.

The same logic applies at the company level. Leaders need to look beyond the immediate product or business opportunity and consider the broader conditions required for future growth.

Strategy is therefore not only about deciding what to build next, but also about strengthening the layers that will make the next stage of growth possible. The ability to develop and connect those layers is what turns today's strengths into tomorrow's competitive advantage.

How IGPI Can Help

Sustainable growth depends not only on choosing the right businesses, but also on building the conditions that allow those businesses to evolve over time.

IGPI works with management teams to identify the layers that will shape future competitiveness and understand how they need to evolve together. By connecting today's strengths with the capabilities required for the next stage of growth, we translate long-term ambition into a coherent path for business and organizational development.

About the Author

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After joining Cap Gemini and Coca Cola, Kohki joined Revamp Corporation where he managed projects on global expansion and turnaround in various sectors including F&B, healthcare, retail, IT, etc. After joining IGPI, he has managed projects mainly on global expansion and cross border M&A in various sectors such as logistics, IT, telecom, retail, etc. In addition to his broad experience in implementing solutions that has been developed in Western countries, he has developed multiple methods to turnaround Asian companies with focus on setting clear vision and employee empowerment. Kohki has proven the practicality of these methods by turning around Asian companies not only as an advisor but also as senior management.

He graduated from Waseda University Department of Political Science and Economics and IE Business School.

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