NITI Aayog Report on "Key Sectors to Position India as a Global Manufacturing Hub"

Strengthening India's Manufacturing Aspirations: Major Sectors to drive India's growth story

Key Sectors to Position India as a Global Manufacturing Hub: Strategic Importance, Value Chain Play and Operational Efficiency

Advancing the Vision of Viksit Bharat through effective interventions for furthering Manufacturing Ecosystem

प्रविष्टि तिथि: 13 AUG 2026 4:56PM by PIB Delhi

NITI Aayog has released the report titled **"Key Sectors to Position India as a Global Manufacturing Hub**", which through a structured and data-driven framework identifies major sectors that can fuel India's ambition to become global manufacturing powerhouse. This report has extensively analyzed four sectors viz. Chemicals, Telecom & Networking Equipments, Textiles and Solar Photo Voltaic manufacturing.

The assessment focuses on understanding India's manufacturing landscape in relation to global trends, sectoral growth opportunities and global benchmarks. It also examines the factors that influence manufacturing competitiveness, including market potential, infrastructure readiness, policy support, raw material availability, technology readiness, employment potential and India's current position in the value chain.

The project seeks to identify sectors where India has significant growth potential and where targeted interventions can strengthen domestic capabilities, enhance competitiveness and value addition, and accelerate export-oriented manufacturing growth. The study also draws on the experience of leading manufacturing countries to develop sector-specific recommendations for addressing key challenges and promoting growth in the identified sectors.

The study was structured into four distinct phases:

Phase 1: Shortlisting Sectors Based on Relative Attractiveness: Identification of sectors with high growth potential based on market size and growth prospects in both domestic and global markets.

Phase 2: Comprehensive Assessment of Shortlisted Sectors: A detailed, three-pronged assessment of the shortlisted sectors to evaluate their market potential, competitiveness, and broader strategic relevance.

Phase 3: Benchmarking International Best Practices: Analyses of best practices and successful approaches adopted by top performing countries to identify relevant strategies and lessons for India's shortlisted sectors.

Phase 4: Developing Actionable Recommendations and the Way Forward: Formulation of sector-specific, actionable recommendations and a clear roadmap to strengthen competitiveness, unlock growth potential, and position India as a global manufacturing hub.

This edition of the report focuses on four high-potential manufacturing sectors: chemicals, textiles, telecom and network equipment and solar photovoltaic manufacturing. **This will be followed by reports on 8 more sectors.**

Chemical Sector:

The domestic chemicals industry is broadly led by three key consumption segments: petrochemicals and organic chemicals, specialty chemicals, and inorganic chemicals. Petrochemicals and organic chemicals form the largest segment and include polymers, synthetic fibres, performance plastics, building blocks, intermediates and end-products.

India's chemicals industry has significant potential to enhance domestic value addition by expanding downstream production and improving feedstock utilisation. Promoting domestic manufacturing, investments in competitiveness, and strategic use of FTAs can help reduce import dependence, strengthen downstream capabilities, and support sustainable industry growth.

Textiles Sector

India's textile and apparel industry (T&A) is one of the country's most important manufacturing sectors, contributing approximately 2% to national GDP, 11% to manufacturing GVA, and 9% of merchandise exports. The sector is also the second-largest employer after agriculture, providing livelihoods to more than 45 million people and supporting widespread MSME-led industrial development. In fiscal 2025, India exported textile products worth USD 37.7 billion and accounted for 4.1% of global textile and apparel exports, making it the sixth-largest textile exporter globally.

India's textile industry has significant potential to strengthen its global competitiveness by improving raw material availability, scaling up manufacturing through infrastructure support, and expanding market access through deeper trade integration. Enhancing skilling, technology adoption and productivity, while promoting technical textiles, MMF-based products, sustainable textiles and premium Indian weaves, can further drive value addition and global growth.

Telecom & Networking Equipments Sector

India is currently the world's second-largest telecommunications market with more than 1.2 billion subscribers, approximately 85% telecom penetration, and nearly 75% internet usage. Recognizing the sector's transformative potential, the National Telecom Policy 2025 (NTP-25) targets doubling the sector's contribution to GDP, doubling exports of telecom products and services, creating one million new jobs, and significantly increasing investment and R&D expenditure by 2030.

India's telecom and electronics sector has significant potential to enhance its global competitiveness by deepening localisation and strengthening domestic component manufacturing. Key priorities include promoting joint ventures and technology transfer, developing integrated industrial clusters, expanding high-potential export segments, and strengthening testing, certification and skill development to support scale, innovation and productivity.

Solar PV Sector

India had installed 106 GW of solar capacity by March 2025 and needs to add about 174 GW to meet the 2030 target of 280 GW solar capacity. The domestic PV market, estimated at Rs 32,400 crore / $3.7 billion, is expected to grow at a 17-20% CAGR between fiscal 2023 and fiscal 2030, supported by utility-scale solar, rooftop solar, open-access projects and green hydrogen-linked demand.

India's solar manufacturing ecosystem has strong potential to deepen domestic value addition by strengthening upstream capabilities and reducing import dependence. Key priorities include technology partnerships and joint ventures, greater R&D and performance-linked support, development of integrated clean-tech clusters, and industry-led skilling. Strengthening trade partnerships and G2G frameworks can also expand export opportunities and secure global market access.

The report is envisaged as an instrument that will guide selected sectors in strengthening their manufacturing ecosystem over time. Industry and Government can collaborate to enhance India's manufacturing prowess through specific interventions customized to overcome the existing challenges. A coordinated effort in this regard will help the country to achieve a higher growth trajectory in the manufacturing space.

Access the report here: https://www.niti.gov.in/sites/default/files/2026-08/Key-Sectors-to-Position-India-as-a-Global-Manufacturing-Hub.pdf

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