

India ranks sixth in Asia manufacturing index

SURAJEET DAS GUPTA

New Delhi, 19 January

India needs to up the ante after ranking sixth among 11 Asian countries in the newly released Asia Manufacturing Index (AMI) 2026, which measures the relative competitiveness of major manufacturing economies across eight key pillars and 43 sub-parameters.

In its third year, the Index — released by Dezan Shira & Associates, a pan-Asian market entry advisory firm headquartered in Hong Kong — places India behind key Asian competitors in the global manufacturing race. Malaysia has moved up to second place for the first time in 2026, replacing Vietnam, which has slipped to third.

Among developed economies, Singapore has climbed one rank to fourth, overtaking South Korea, which has dropped to fifth. These shifts, the study says, reflect intensifying regional competition.

India remains ahead of Indonesia



(seventh), while Thailand has made a sharp climb — from 10th in 2025 to eighth in 2026. The Philippines now sits at 10th place, Japan ranks ninth, and China continues to dominate the index, holding the top position for the third consecutive year. Bangladesh ranks last among the 11 countries studied.

The index ranks countries across eight broad pillars: economy, political risk, business environment, inter-

national trade, tax policy, infrastructure, workforce, and innovation. Each pillar is broken down into sub-parameters and scored on a scale of 100, with higher scores indicating stronger performance.

In the inaugural 2024 report, India ranked fourth among eight countries. It slipped to sixth in 2025 when the study expanded to 11 countries — a position it retains in the 2026 index.

Unique duality

India's rank among 11 countries

Economy	3
Political risk	9
Business environment	6
International trade	9
Tax policy	9
Infrastructure	4
Workforce	1
Innovation	5

Source: AMI 2026

Summing up India's position, the index observes that the country “faces a unique duality: a massive market and strong policy momentum, with structural bottlenecks in infrastructure, logistics, and administrative complexity”.

While India's sixth-place ranking reflects strong economic fundamentals, long-standing constraints continue to weigh on manufacturing competitiveness.

There is, however, good news. India's economy is clearly bustling, ranking third overall — behind only Vietnam and China. It scores the highest on economic growth, a key sub-parameter under the economy pillar, and ranks second on the economic scale, trailing only China.

This growth is supported by workforce strength. India ranks first among the 11 countries, measured across sub-parameters including labour force size and growth, demographic structure, labour costs, and educational attainment.

India ranks fourth on infrastruc-

ture and fifth on innovation — areas expected to improve further with a sustained government push.

Still, several weak spots stand out. India ranks ninth on tax policy, international trade, and political risk. It posts the lowest score on tax rates among the 11 countries and lags behind China, Indonesia, Malaysia, Vietnam (the top scorer), and Thailand on tax incentives.

On international trade, India scored poorly on parameters such as free trade agreement integration, where China, Indonesia, Japan, Malaysia, Singapore, and Vietnam perform much better. It also ranks low on logistics performance, with six countries ahead of it and Singapore leading the category.

Political risk remains another worry. On corruption perception, India trails six countries, with Singapore ranked the least corrupt.

India also scores low on institutional stability — a key factor multinational companies consider when investing.