Manufacturing must not rely on tariffs for cover: India Inc

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India's manufacturing sector must focus on competitiveness and scale rather than rely on tariffs for protection, senior India Inc executives said on Tuesday.

Speaking at the CII Manufacturing Summit, Jamshyd Godrej, managing director (MD) and chairman of Godrej & Boyce, the holding company of the Godrej group, said India has historically maintained high tariffs to protect domestic investors but asserted that the economic liberalisation in 1991 was necessary to push industries towards global competitiveness. "Tariffs are all about competition. If you are going to hide behind tariff walls, you are not going to be competitive," Godrej told reporters.

"Enhancing global competitiveness, growing supply chain reliance, and focusing on research and development (R&D) to come up with value-added products and services, were the challenges before the Indian industry," B Thiagarajan, Blue Star MD, told *Business Standard*.

This assumes significance in current geopolitical dynamics, where a tariff war is being waged.

India, for example, is dependent on China for active pharmaceutical ingredients to make medicine formulations, and is still not self-reliant in AC compressors — the gap being met through imports, primarily from China.

With supply chain uncertainties looming, companies are trying to procure components, industry insiders reckoned.

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Thiagarajan said it is like preparing for a storm where one stocks up on food and water. But there is a limit to blocking working capital to shore up inventory.

Godrej believed that scaling up manufacturing to match global leaders like China was the way ahead. "I think tariffs are the wrong thing to focus on. The thing to focus on is competitiveness, and I think everyone should get away from this tariff mindset. How you can be competitive with very low tariffs is really the challenge," Godrej added.

The Indian manufacturing sector has grown in absolute terms, and commands a 17 per cent share of the GDP.

"We would have liked to have grown it faster. Services have grown faster. But we still maintain the aim of reaching 25 per cent in manufacturing as far as the share of GDP is concerned," said Amardeep Singh Bhatia, secretary, Department for Promotion of Industry and Internal Trade (DPIIT). "The remarkable achievement of ₹14 lakh crore in production and ₹5.3 lakh crore in exports has created over 11.5 lakh jobs. This is not just a number; it represents the livelihoods, aspirations, and economic momentum that drives our nation forward," he explained.

Chandrajit Banerjee, director general, CII, said: "India stands at the crossroads of an industrial revolution. To transform India from a \$3.7 trillion economy to a \$30–35 trillion powerhouse by 2047, manufacturing must claim its rightful place — contributing at least 25 per cent to our GDP. It is a national imperative."

Geetanjali Vikram Kirloskar, chairperson and MD, Kirloskar Systems, said that at \$600 billion, India's manufacturing industry represents immense potential — one that must expand beyond 25 per cent of the GDP to drive growth.