

Manufacturing the one cylinder that isn't firing: NITI's Bery

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India has made notable progress in inclusive growth, yet its manufacturing sector remains a “cylinder that isn't firing”, said NITI Aayog Vice-Chairman Suman Bery on Wednesday.

Speaking at an event on India's industrial transformation, organised by the Institute for Studies in Industrial Development (ISID), Bery observed that while the country has advanced in infrastructure, regulatory coherence, and digital and logistics networks — transforming itself into one of the “world's most dynamic investment destinations” — manufacturing has yet to realise its full potential.

He called for India's manufacturing success to be driven by regional clusters that build on local competitive advantages rather than a uniform national strategy.

“We do see clusters and the creation of competitive industrial ecosystems at the state and regional levels as being key. India's industrial success will not be built in Delhi; it will be built in our states and districts,” he said. Bery also emphasised the need to deepen domestic value

chains, reduce import dependence, and invest in emerging sectors such as green hydrogen, electric mobility, and semiconductors.

Offering a macroeconomic explanation for manufacturing's persistently low share in gross domestic product (GDP), Bery suggested that an overextended fiscal sector and real exchange rate pressures may be eroding the sector's competitiveness relative to others.

Acknowledging the ongoing policy debate over manufacturing's role, he cautioned that India must be clear about its objectives and mindful of the costs of state intervention. “We must carefully evaluate why we want to support manufacturing and assess the cost-effectiveness of measures such as PLI (production-linked incentive) schemes and subsidies,” he said.

Structural transformation in India, Bery argued, may require looking “beyond the traditional Lewis model”, with greater agricultural productivity and increased rural female workforce participation potentially powering future growth. “Getting women in the countryside to join the workforce and raising the overall productivity of labour of all kinds is going to generate the kind of growth boom that China enjoyed,” he added.

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The Lewis model explains how economies grow through the migration of surplus labour from the agricultural sector to the industrial sector, where wages are higher and productivity greater.

Adding to the discussion, Ishtiyaque Ahmed, programme director (industry) at NITI Aayog, pointed to the absence of a coherent, integrated manufacturing strategy,

citing slow policy execution and weak coordination between the Centre, states, and private sector as key impediments.

“Solving manufacturing problems needs a lot of action. There is no single pill to it. What is needed is an integrated strategy on the part of the Centre, state and the private sector,” he said.