



# MANUFACTURING SECTOR IN INDIA

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# Manufacturing Sector in India



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The manufacturing sector in India has been a vital contributor to the country's economic growth.

According to data from the Reserve Bank of India (RBI), the sector accounts for around 15% of the country's gross domestic product (GDP) and employs around 12% of the country's workforce. Over the past few years, the sector has been growing at a steady pace, driven by a combination of factors such as increased foreign investment, government initiatives, and a growing middle class.

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Most manual workers would prefer a factory job to working on a farm or on a construction site, or even making a living as a 'self-employed' service-provider



Factory jobs are regulated, often come with benefits, such as insurance, gratuity, and provident fund. Even hard manual labour in a factory is less back-breaking than working under the scorching sun on a farm, or lifting piles of bricks and cement bags. For blue-collar workers, a factory job is also a source of social prestige and recognition.

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# Manufacturing Sector in India

What are the forecasts and the predictions?



Manufacturing sector is estimated to register a weak growth of 1.6 per cent in FY 2022-23 as against a growth of 9.9 per cent in the previous year.

The sector suffered on account of high raw material prices and weak external demand. In fact, in the first half of the current year, the manufacturing sector grew by a meagre 0.1 per cent.

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# Manufacturing Sector in India

What are the forecasts and the predictions?



One of the key proxies for the manufacturing sector performance is the IIP. The IIP has shown a reasonable growth of 5 per cent during April-November of the current year.

The dip in the performance has been due to squeezing of margins of manufacturing sector firms due to high inflation and high interest costs. Thus, while output growth is still reasonable, the value addition in the manufacturing sector has been hit due to low profits and high costs.

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## Manufacturing Sector in India



One of the key trends in the manufacturing sector is the increasing focus on technology

According to data from the CII, the adoption of Industry 4.0 technologies such as artificial intelligence, internet of things (IoT), and robotics is expected to increase in the coming years, leading to increased efficiency and productivity.

Additionally, the government's "Make in India" initiative, which aims to boost domestic manufacturing and attract foreign investment, has also been a major driver of growth in the sector.

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# Manufacturing Sector in India



Another trend in the manufacturing sector in India is the increasing focus on exports.

According to data from the Ministry of Commerce and Industry, the country's exports of manufactured goods have been growing at a steady pace in recent years. The government's "Make in India" initiative has also been aimed at increasing the country's share of global exports. The sector has seen a growth in the export of manufactured goods such as engineering goods, textiles and clothing, and chemicals, among others.

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However, the manufacturing sector in India also faces some challenges that need to be addressed in order to drive its growth in the future.



One of the major challenges is the lack of infrastructure and logistics. According to data from the World Bank, India ranks low on the ease of doing business index, and logistics and infrastructure are identified as major bottlenecks. Improving infrastructure and logistics will be crucial in order to boost the efficiency and competitiveness of the manufacturing sector in India.

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## Manufacturing Sector in India

Another major challenge facing the manufacturing sector in India is the shortage of skilled labor.



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According to data from the National Skill Development Corporation (NSDC), the country faces a shortage of around 120 million skilled workers in various sectors. This shortage is a major hindrance to the growth of the manufacturing sector and needs to be addressed through initiatives such as vocational training and skill development programs.

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# Manufacturing Sector in India



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In order to drive growth in the manufacturing sector in India, the government and industry need to focus on addressing these challenges.

Some of the key actions that need to be taken include:

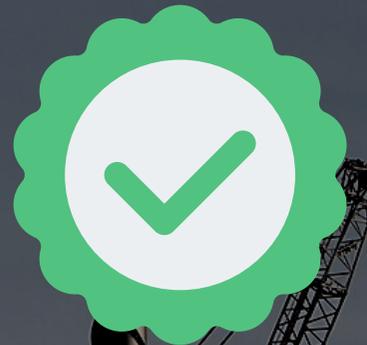
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# IMPROVING INFRASTRUCTURE AND LOGISTICS

The government needs to invest in improving infrastructure and logistics in order to boost the efficiency and competitiveness of the manufacturing sector in India.



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# SKILLING THE WORKFORCE

The government and industry need to focus on skilling the workforce through initiatives such as vocational training and skill development programs in order to address the shortage of skilled labor.





# ENCOURAGING RESEARCH AND DEVELOPMENT

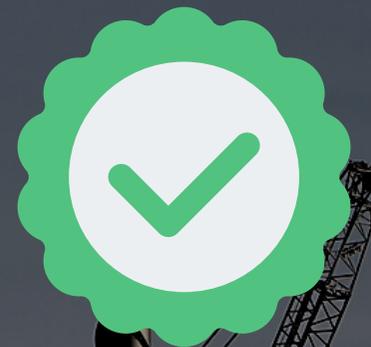
The government and industry need to encourage research and development in order to drive innovation and improve the competitiveness of the manufacturing sector in India.





# FOCUSING ON EXPORTS

The government and industry need to focus on increasing exports of manufactured goods in order to boost the growth of the manufacturing sector in India.



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Addressing these challenges and focusing on key actions such as improving infrastructure and logistics, skilling the workforce, encouraging research and development, and focusing on exports will be crucial in driving growth in the manufacturing sector in India in the future.



# How we help our clients?



- Assist with identifying areas of inefficiency in the manufacturing process
- Recommend solutions to improve productivity and reduce costs.
- Implementation of new technologies and best practices to increase the overall competitiveness of the manufacturing operations.
- Expert analysis and advice on market trends and supply chain management to ensure the company stays ahead of the curve.
- Achieve their goals and improve their bottom line.

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