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BUILDING MANUFACTURING RESILIENCE FOR

INDIA'S INTEGRATION INTO GLOBAL SUPPLY CHAINS

Author Note

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Abstract

India has emerged as one of those promising new countries where companies can set up alternative supply chains and reduce their reliance on a single country or region. Studies argue that integrating India into global supply chains has its own challenges. The country has a weak manufacturing base, and as it expands its production, the import of intermediate goods from abroad will increase, making it and the world vulnerable to geopolitical tensions and disruption. Although India rejoices in being among the highest receivers of FDI, limited FDI in manufacturing and the sub-optimal pace of investments in basic and strategic industries present a challenge for India in becoming a key player in global supply chains. This paper debunks these myths. It uses an analytical and empirical approach and uses publicly available government documents and data from discussions, books, journal articles, and think tank reports to develop a strategic understanding of government policy for the manufacturing sector. The research findings reveal that the Indian government's manufacturing strategy has started to make Indian manufacturers competitive. Mass-scale adoption of ICT, India's PLI scheme and selective liberalization have been encouraging domestic producers and workers, potentially positioning India as a key player in global value chains. With the government becoming effective partners with private entrepreneurs, the fear of expropriation has been reduced, which will act as a catalyst for bringing in private investments, moving vendors into India, and reducing intermediate imports. The government recognizes that the economy needs both domestic investment and FDI, but it targets a more stable FDI and reinvestment of earnings rather than a speculative finance allocation.

Keywords: India, global supply chains, manufacturing, performance-linked incentive scheme, foreign direct investment

Building Manufacturing Resilience for India's Integration into Global Supply Chains

International instability doesn't help. Supply chain leaders worldwide are diversifying their supply chains. Countries are exploring emerging global supply chain regions and countries for diversification to reduce geopolitical risks and increase flexibility in costs and turnaround times. Many companies today are prioritizing a supply chain that can withstand geopolitical shocks. It is taking them to other countries and continents, where they can set up alternative supply chains that reduce their reliance on a single country or region.

India has emerged as one of those promising new countries. India is strategically located near the Middle East, Europe, and West Africa, as well as Southeast Asia and East Asia, bolstered by well-established sea routes. It has a high proportion of the English-speaking population. The New Education Policy exemplifies the government's renewed focus on STEM education. After decades of neglect, today, India has been investing heavily in infrastructure, which continues to accelerate, and it now has a policy framework that encourages high-end manufacturing. This, combined with the world's most successful digital public infrastructure and a relative increase in ease of doing business over the last decade, has seemingly made India an ideal place to do business.

Some experts argue, however, that India's integration into the global supply chain comes with its own challenges. For instance, the rapid expansion of production in India would mean an inevitable increase in demand for Chinese intermediate goods, making it vulnerable to China. Moreover, while India's service sector attracts significant investment, manufacturing FDI remains limited. This and the selective investment leading to the sub-optimal pace of investments in basic and strategic industries present a challenge for India to become a key player in global supply chains.

However, based on the examination of government strategy for the development of the manufacturing sector, this paper argues differently. It argues that since India's goal is to be more than just an option in the global supply chains, unlike the past Indian governments, the current dispensation has pursued a policy framework that stands the country on its own and makes it prosperous. The Indian government's strategic moves have not been to match China but as a country that will be known for its standard of excellence and transparency. Institutional quality and control of economic fundamentals, not just access to foreign finance, have been the government's main focus in positioning India as a key player in global supply chains.

The remainder of this paper is organized as follows. The next section is the literature review, in which this paper briefly discusses India's manufacturing sector, followed by the methodology used in the research. The key findings of this study are elaborated in the research findings and discussion section. It follows a closure in the last section.

What Should We Know About India's Manufacturing Sector?

Pathologies

In 1947, the Congress committed to a state-directed economy. It decided that the public sector, not the private sector, would play a decisive role in producing and distributing material goods. According to Thakur (1993), Jawahar Lal Nehru resolved that the states would control the strategic point of the economy while consumer goods and services would be left in private hands (Thakur, 1993). The harmful effects of import substitution policies and administrative planning became too obvious as the Indian industry became "woefully uncompetitive" (Nageswaran & Natarajan, 2016). Nehru's approach to economic management resulted in a low growth rate, which was disparagingly referred to as the "Hindu Growth Rate" (Somjee, 1991).

The next decade post-Nehru was characterized by the government's Licence Raj stringent regulation of private and foreign companies. Under this regime, businesses were required to obtain licenses to operate, which were notoriously difficult to acquire (Kaviraj, 1986). The hefty economic regulation of Indira Gandhi was purely to generate sources of patronage that could be used to maintain the Congress party's political position amid weakening linkage to the electorate (Hankla, 2006). The overall result was an inefficient regulatory regime, crippling high compliance and transactions cost, a corrupt bureaucratic system and a rent-seeking political system that blighted India. Like the Nehruvian era, economists talked about the virtues of import substitution and protectionism in this phase, which stifled innovation and competitiveness of domestic industries by shielding them from global competition (Panagariya, 2004).

While the state's failure to meet growing public demands amid low growth and productivity led to some favour for the private sector in the government of Rajiv Gandhi, a strong bias for government

ownership and self-reliance persisted. It took the balance of payments crisis in 1991 to free the private sector from significant state control (Mukherji, 2009). With Manmohan Singh, a PhD from Oxford, as the Finance Minister, the Indian industry agreed to tariff reductions, devaluation, and easier entry of foreign direct investment.

Although Singh's decision to open India's capital markets to foreign investors led to a swift turnaround in India's external sector for a while, it made the domestic economy more susceptible to international crises, as happened in the Asian crisis of 1997-98 (Acharya, 2002), and later in the global financial crisis of 2008. The 2008 crisis created a severe deterioration in export demand, contributing to the decline of GDP by more than two percentage points in the fiscal year 2008–2009 (Kumar & Vashisht, 2009). Industries became dependent on external finance and could not reap the benefits of reforms (Gupta et al., 2008).

On the domestic front, the chaotic nature of the coalition and decision stasis in the UPA era (2004-14) led to neglect of infrastructure, supply bottlenecks, and deteriorating business confidence, which played a key role in the slowdown of investment (Anand & Tulin, 2014).

Restoration, Disruption, Argued Limitations For Integration

After years of undermining industry growth potential under Manmohan Singh, the Modi government aimed to grow the country's manufacturing sector and recognized the importance of integrating it into global value chains. The government's Make in India (MII) campaign in 2014 was a key element necessary to develop a conducive environment that is essential to restoring the health of the manufacturing sector. However, since inadequate infrastructure and lack of availability of appropriately skilled manpower have been a challenge since the economic liberalization of the early 1990s, the government initiated several programs in mission mode, including Skill India in 2015, to complement Make in

India and ensure the growth of the manufacturing sector (Chenoy et al., 2019).

The Covid-19 pandemic offered significant challenges for supply chains globally. National lockdowns temporarily stopped and slowed the flow of raw materials and finished goods, disrupting manufacturing as a result. The pandemic, however, did not necessarily create any new challenges for supply chains, and it only accelerated and magnified problems that already existed in the supply chain (Harapko, 2023). The challenges to the global supply chain were magnified because of the general shift in the industrial supply chain towards East Asia starting in the 1970s (Wiganaraja, 2023). US-China trade tensions and geopolitical shocks had set in motion the process of nearshoring/friend-shoring alternatives (Alfaro & Chor, 2023).

A looming "great reallocation" in global supply chain activity and the need to navigate disruptive forces, develop economic resilience, and self-reliance in production gave birth to Atmanirbhar Bharat Abhiyan in 2020. With an aim to improve the competitiveness of Indian manufacturers, boost their export potential, and integrate India into the global supply chain, the Modi government launched the Production Linked Incentive (PLI) scheme that encourages foreign and domestic companies to set up or expand their production units in India and targets investments in cutting-edge technology (T.Aggarwal, 2024).

However, some studies argue that India's integration into the global supply chain comes with challenges. India's manufacturing sector's contribution to GDP has remained stagnant for several decades. Moreover, countries rely on Chinese components or intermediate goods within their own production processes and source crucial components from that country (M.Agarwal, 2018). According to Zhang (2022), not only is manufacturing capacity less well-established, but the rapid expansion of production in India would mean an inevitable increase in demand for Chinese

intermediate goods, making it and, by extension, the world vulnerable to China. Unless China stops being the third party from where components come in and other countries assemble, then derisking will not happen for any country (Wang, 2024).

Another argued limitation is that although India rejoices in being counted among the topmost favoured destinations for FDI, the impediments to attracting foreign direct investment (FDI) in the manufacturing sector (Asian Development Bank, 2021; UNCTAD, 2020; World Bank, 2020) have undermined India's potential. Moreover, on the domestic front, the selective investments by the government, which have led to a sub-optimal pace of investments in basic and strategic industries (in manufacturing and infrastructure), are pressing issues that challenge India to become a key player in global supply chains (Sankhe et al., 2020).

In these studies, however, limitations have received much attention. Despite its significance, the Modi government's strategy of integrating India into the global supply chain and developing economic resilience at the same time has not been sufficiently examined. This paper satisfies this lacuna, laying the groundwork for further research and exploration.

Methodology

Primarily, this is an analytical and empirical study focussing on the Indian government's measures to build resilience against disruptive forces and strategy to position India as an integral part of the Global Supply Chain network. Publicly available government documents constitute the primary sources. As secondary sources, this study uses data from discussions, books, journal articles, and think tank reports to develop a strategic understanding of government policy for the manufacturing sector. It is, of course, a start towards further studies to deep dive into this critical but so far ignored area of policy research. Therefore, this paper will present a broader interpretation of the government strategy and a summary of the reports. This methodology has been selected for this research

because it offers insight into those involved directly in making the strategy and the educated class. One possible weakness of this methodology could be the reliability and bias of the results. However, in order to minimize bias and enhance the reliability of the findings, this paper will only present the results and outcomes found common among all the primary and secondary data sources.

Research Findings and Discussion

Expanding Production in India

India's Strategy. While in India, in the 1970s and 1980s, the governments were perceived as too hostile to the private sector, today's landscape reflects a balanced approach that combines private and public sector contributions. The government rejects Western capitalism and imported socialism and seeks a homegrown solution to its problem (Aiyar, 2021). It acts as a watchdog, regulator, and facilitator of private enterprises but also runs the biggest welfare schemes.

India's current policy emphasizes strategic protectionism to boost domestic producers, create jobs, and employ selective liberalization measures to benefit from trade and foreign investment by integrating India into global value chains (World Bank, 2019). In other words, the Modi government's economic policy has been characterized by opportunism and economic nationalism (Yadav & Kirk, 2023). Although free trade ideologues have raised objections that it could lead to trade disputes and retaliation, resulting in global integration challenges, protectionist measures have gained acceptance (Lake, 2018). According to Kaplinsky and Kraemer-Mbula (2022), economic liberalization, the standard Washington recipe and the deep globalization project have been associated with massive marginalization, poverty and insecurity. Moreover, there are limited opportunities for emerging economies like India to replicate the success of China and other dynamic Asian exporting economies (Kaplinsky & Kraemer-Mbula, 2022).

In India's context, the distinctive strategy resulted from the uneven outcomes of liberal economic policies, which benefited some industries but did not lead to mass job creation (Chacko, 2021) and made domestic industries vulnerable to the global crisis discussed earlier in the pathologies section. Chacko (2021) attributes this emergence of different forms of economic nationalism in state policy to the political outcomes of the struggles by contending social forces to institutionalize their preferences in dynamic world markets. Before the Modi government rose to power in 2014, the Indian economy was beset by massive infrastructure deficits and social and economic exclusion. India's manufacturing sector had been at a crossroads. Manufacturing capacity was less well-established, and the sector share of GDP stagnated around the 15% mark for almost three decades (Mahalingam, 2014).

Innovation is endogenous to the growth of the manufacturing sector (K et al., 2020). However, it results from explicit investments in knowledge creation and technological development (Freeman, 2010). Since technological change is inherently biased and has favoured countries with developed manufacturing bases (Tung et al., 2023), India's case required imposing directionality that prioritizes certain forms of innovation over others on technological progress.

In their research, Kaplinsky and Kraemer-Mbula (2022) have argued that new opportunities for innovation in emerging economies to promote sustainable growth can be fuelled by the diffusion of Information and Communication Technologies (ICTs). For India, investment in advanced manufacturing techniques like automation, robotics, and sustainable practices is required. The Indian government has strategically focused on ICTs to improve technological depth and drive innovation and sustainable growth in India's manufacturing sector. Through Make in India and Digital India initiatives, ICTs such as automation, AI, and IoT have increasingly become central to modernizing production processes, enhancing efficiency, and boosting global competitiveness.

There is apprehension, however, regarding the potential for technology and automation to supplant human labour. The discourse often highlights concerns that India's workforce may experience significant job displacement due to ICT's rising integration and automation advancements within various industries (Kumar, 2022). However, this perspective overlooks the important aspect of the multifaceted role that technological advancements play in reshaping labour markets and creating new opportunities in the manufacturing sector in India.

Since directionality influences the trajectory of innovation, technological advancement, and how it impacts different parts of the economy, the government's strategy has positioned India to focus on inclusivity as the manufacturing sector develops. For instance, as automation is advancing in India, the proportion of value added to goods through embedded services—such as R&D, product design, business services, logistics, sales, and marketing—is growing (Agrawal, 2024). Therefore, as manufacturing processes become more automated, the importance of these supporting services will rise, indicating a shift towards a more integrated and service-oriented supply chain, making growth more inclusive. Moreover, with the Skill India program, the advancement of technology and automation is catalyzing growth in numerous fields by enhancing productivity, introducing new industries, and creating new job categories (CII, 2024).

From the perspective of positioning India in global supply chains, the most significant economic benefits of automation in India's manufacturing sector will come from increased productivity (sustainable practices through optimal resource use) in the near future (Tayal, 2024). The World Bank's India Development Update report (2024) has emphasized that India has been boosting its competitiveness by reducing trade costs through digital initiatives. Modi's focus on digital innovation in manufacturing is vital for driving economic growth and positioning India as a global leader in sustainable industrial development.

More significantly, however, the diffusion and adoption of ICT in India's manufacturing sector promote transparent supply chains, which are crucial to mitigating the risks of future derisking, decoupling, and nearshoring/offshoring challenges currently faced by China amid geopolitical tensions and pandemics. ICTs are central to the control of machinery and equipment located across the globe and are crucial to the functioning of the logistics that characterize globalized supply chains. This strategy, therefore, places India not just as an alternative but as a key pillar in global supply chains, ensuring both national self-reliance and long-term prosperity.

Intermediate Goods Import. Global companies, which look to supply chain resilience for any eventuality and, therefore, delink dependency on specific countries, are looking at creating new capacities in locations that have the potential to provide a strong manufacturing ecosystem. These companies, however, require fiscal support from the government to create these capacities.

The PLI scheme introduced at the outset of the pandemic, with its potential to create forward and backward linkages, has helped reduce India's reliance on imports by encouraging local production. The scheme has also helped reduce the country's reliance on imports of intermediate goods from China in sectors where the PLI scheme is operational. It currently targets 14 sectors of strategic and economic importance for India's economic growth.

Within three years of the Telecom PLI scheme, local production has been encouraged, leading to a 60% reduction in the country's reliance on imported telecom equipment through import substitution. As a result, India has achieved near self-reliance in producing advanced industrial products, including Antennae, GPON (Gigabit Passive Optical Network), and CPE (Customer Premises Equipment). (Ministry of Commerce & Industry, 2023).

Moreover, while the scheme has triggered a boom in electronics manufacturing (Srinath, 2023), its impact is visible in the form of

declining imports of electronic items from China. According to the Global Trade Research Initiative (2023), "India's imports from China have shown signs of slowing down, with three data points indicating a decline. Firstly, India's electronics imports from China have decreased from $30.3 billion in FY22 to $27.6 billion in FY23. Secondly, India's total goods imports from China grew at a lower rate of 4.2 percent during FY23, compared to global imports, which grew at a higher rate of 16.1 percent."

The economic think tank also reported that the import of medical equipment declined 13.6 percent to $2.2 billion in 2022-23 compared to 2021-22. Similarly, the import of solar cells, parts, and diodes slumped 70.9 percent to $1.9 billion in 2022-23.

When PLI was notified of the need for large-scale electronics manufacturing in 2020, the scale of mobile phone manufacturing in India was substantially lower than in competing countries, specifically in Southeast and East Asia (Bhargava, 2024). However, in FY 2024, India managed to capture nearly 50 percent of the reduction in mobile phone exports from China and Vietnam (Kiran Rathee, 2024). In FY24, India's mobile phone exports jumped to USD 15.6 billion. It increased 40 percent from USD 11.1 billion in FY23. Major smartphone manufacturers, like Foxconn, Wistron, and Pegatron, as well as homegrown Dixon Technologies, have started making high-end smartphones in India (Bhattacharyya, 2024).

Although, regarding mobile phone manufacturing in India, since companies continue to import components, the net value addition has been underwhelming, PLI supports component manufacturers in India, promoting local value addition, reducing overall production costs, and making domestic manufacturers more competitive. The local value addition in India has grown from 6 percent in 2016 to a projected 16 percent in 2023 across the board (Kar, 2023).

It is important to note here that developing a fully integrated and comprehensive industrial chain within the country will require time. Until this is accomplished, India has to import a range of intermediate products from abroad. However, it is not only India that can not produce all the intermediate goods; even electronics powerhouses in China and Vietnam are not making semiconductors.

Despite this, the achievement of the PLI scheme puts India one step closer to fulfilling its manufacturing ambitions. This optimism arises because as India expands the PLI scheme, global vendors will shift their supplies to India, decreasing the import of intermediate goods from China. The success of PLIs for smartphone manufacturing in India has been an important factor in contemplating the extension of PLIs to more industries.

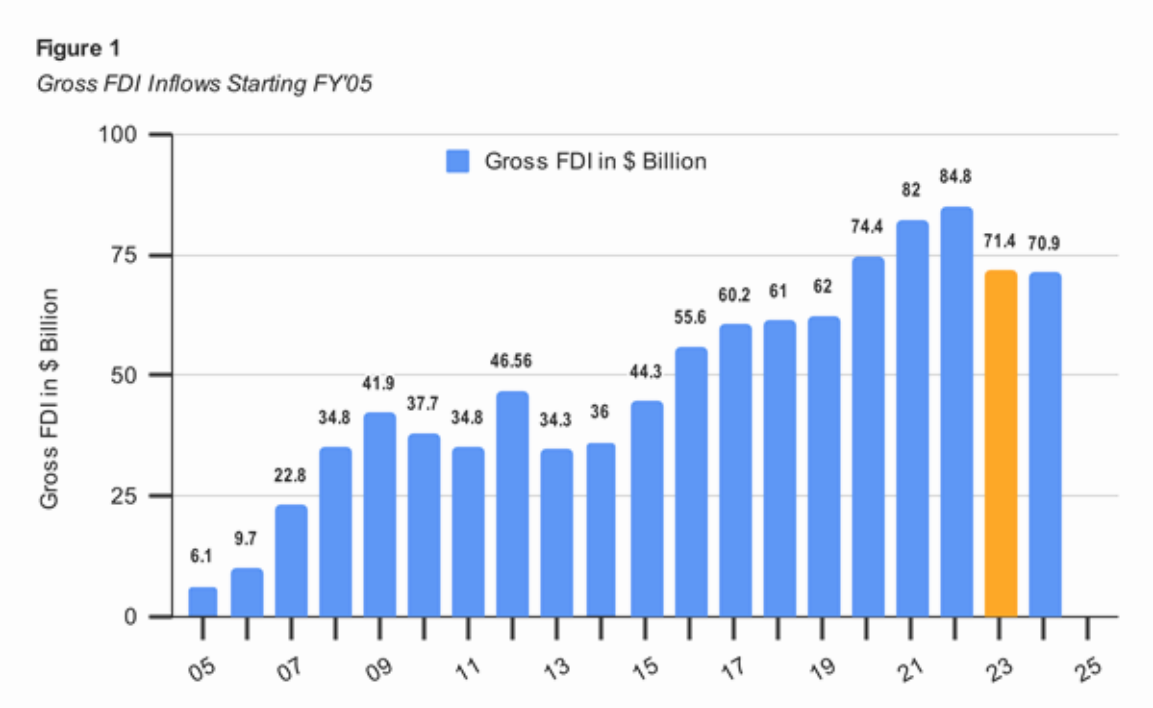
Investments and Manufacturing

FDI. Indian government policy encourages international and domestic companies to produce their products in India, leading to job creation and skill development. However, domestic investment must take the lead because FDI is contingent upon geopolitical risks and the economic environment and is volatile (Bussy & Zheng, 2023). FDI accounts for less than 8% of overall investment in the country (Nagarjuna, 2022). The MII campaign chiefly focuses on 'First Develop India' vs 'Foreign Direct Investment' (Nagpal & Jain, 2019).

It is not to deny the utility of FDI for India, which rejoices in being counted among the topmost favoured destinations for FDI. From FY'14 to FY'22, there has been a sharp increase in gross FDI inflows. In FY'23, gross FDI inflows were $70.9. While in FY'23, gross FDI inflows were $71.4 billion, in FY'22, gross FDI inflows totalled $ 84.8 billion, up from $ 82 billion the previous year. In FY'20, it was $ 74.4 billion. The decrease in FDI in FY'22 from a high of FY'23 was due to the threat of a global recession economic crisis due to the Russia-Ukraine conflict. In FY05, it was only $ 6.1 billion (Figure 1).

Figure 1

Gross FDI Inflows Starting FY'05



Note. Data Source is RBI Bulletin. Data has been rounded off to the first decimal place. There is a difference in gross FDI inflow data reported by RBI and the Ministry of Commerce & Industry, Government of India. The difference may be due to errors and emissions.

However, this research has found that speculative Foreign Direct Investment (FDI) has become increasingly dominant in the allocation of finance, referring to a shift from long-term, productive FDI toward more short-term, profit-driven investments.

Historically, FDI was characterized by long-term commitments, with investors establishing factory infrastructure or engaging in technology transfer. However, there has been a growing trend where investment funds focus on short-term capital gains through speculative investments in sectors like real estate, financial markets, and natural resources. For instance, a significant portion of FDI in emerging markets has flowed into speculative real estate projects, leading to property bubbles in cities like Hong Kong, Singapore, and Mumbai (World Investment Report, 2018).

Although FDI is not a panacea, in order to grow and diversify, an economy needs both domestic investment and FDI. The two forms

of investments can be strong complements (Fruman & Forneris, 2016), but they require forward and backward linkages between foreign and domestic firms and between the manufacturing and service sectors.

According to data from the Department for Promotion of Industry and Internal Trade (DPIIT), reinvested earnings constituted around 25-30% of total FDI inflows into India from 2018 to 2022 (DPIIT, 2023). The rise in the share of reinvested FDI earnings in India demonstrates the increasing forward and backward linkages within the economy, reflecting stronger integration of FDI with domestic investments. Reinvested earnings indicate that foreign companies are choosing to reinvest their profits rather than repatriating them, developing deeper connections with local suppliers, industries, and value chains. This suggests that foreign firms are confident in the growth potential of Indian manufacturing.

However, there are no unique institutional designs for growth. Development can be achieved through a variety of institutional arrangements rather than a single, universally applicable model. Nations that share similar formal institutions have experienced different growth outcomes due to their distinct historical trajectories. Each nation's context, including colonial history, geography, and social structure, can result in different paths to development (North, 1990). For example, countries like South Korea and Singapore developed through state-led industrialization models, while others, such as the US, relied on market-driven growth.

Moreover, countries with varying political and economic institutions have achieved high growth rates. For instance, China's state capitalism, with significant government intervention in the economy, contrasts sharply with the liberal capitalist models of Western economies like the US or the UK (Acemoglu & Robinson, 2012).

Successful growth depends on the ability of institutions to adapt and evolve rather than adhering to rigid designs. Institutions that

are more flexible and can respond to new challenges, such as technological change, tend to deliver better growth outcomes. This adaptability should explain why countries can implement different models of development and still succeed (Rodrik, 2008).

India's manufacturing growth strategy combines free markets with a strong welfare state and labour protections to achieve economic success (Virmani, 2023). Manufacturing growth can not be achieved by attracting FDI alone. It is futile to look for uncontingent empirical regularities that link specific legal rules, such as FDI benefits host countries, to the development of the manufacturing sector. What works depends on constraints and opportunities, flexibility and the ability to experiment and adjust policies in response to changing economic conditions (Rodrik, 2007). It is important to distinguish between stimulating economic growth and sustaining it. Solid strategy and policies are much more important for the latter than for the former.

Selective Investments. The trick is to be able to identify the binding constraint on growth at the relevant moment in time. The Indian government has identified triggers for growth, which are related to the relaxation of specific constraints and selective investments that were holding back private economic activity.

India relies on imports for critical inputs in advanced technology sectors, known as Critical and Emerging Technologies (CETs) (National Science and Technology Council, 2022), which include memory chips, integrated circuits, and pharmaceutical ingredients. As CETs advance in India, challenges persist in hardware-oriented CET sectors such as autonomous machines, UAVs, Electric Vehicles, and advanced materials (Hewett, 2023).

New Delhi is cautious, however, in relying on foreign capital for CETs, particularly with dual-use technologies, that is, those with military and civilian applications. Despite high-quality human capital in India, homegrown innovators face challenges (Jaishankar & Sirkar, 2024), limited capital and the high risks that deter private investments from scaling up these technologies (Raju, 2023).

Since its initiation in 2021, the PLI scheme has attracted investments exceeding 1.03 lakh crore, leading to production and sales worth 8.61 lakh crore, creating over 6.78 lakh jobs, both directly and indirectly (Verma, 2024). Through investments in targeted PLI programs for domestic manufacturers, India has achieved promising results in the electronics assembly.

According to DoP (2024), the PLI scheme has stimulated significant investments in the pharmaceutical sector to strengthen domestic manufacturing and reduce import dependence, as indicated by data from the Department of Pharmaceuticals. By May 2024, the sector attracted Rs. 29,268 crore to expand production capacities and diversify the pharmaceutical base, and the production surged to Rs. 1,61,209 crore (DoP, 2024).

Meanwhile, the Telecom PLI scheme has garnered an investment of Rs 3,400 crore in just three years. Telecom equipment production has surpassed Rs 50,000 crore, with exports reaching around Rs 10,500 crore. The scheme has also created over 17,800 direct jobs and numerous indirect employment opportunities. This achievement highlights the significant growth and competitiveness of India's telecom manufacturing sector, driven by government efforts to boost local production and lessen reliance on imports (Ministry of Communications, 2023).

However, these investments took 2-3 years to produce results. Similar interventions can be effective in other CET areas, such as pharmaceuticals, speciality chemicals, and advanced materials (Raj et al., 2022), with backward and forward integration and manufacturing intermediates catalyzing growth in the manufacturing sector.

These investments are strategic from another perspective. With these investments, the Indian government has become an effective partner with private entrepreneurs. It has created a system that has allowed the government to hold residual rights in the enterprise, which is the best mechanism for avoiding the expropriation of private investments. In such circumstances, the expectation of future profits can exert a stronger discipline on public institutions. The strategy of selective investments has been to create an institution where, unlike the forced nationalization of the past, private entrepreneurs felt secure, not because the government was prevented from expropriating them, but because sharing in the profits, it had no interest in expropriating them.

Conclusion

The research findings and discussion section demonstrate that the Indian government's manufacturing strategy has started to make Indian manufacturers competitive while making them more resilient to geopolitical shocks and challenges while simultaneously attempting to benefit from selective trade protectionism and liberalization. It is worth noting that the government's goal of India's integration and transparency of Global Supply Chains and social and economic inclusion can not be fulfilled without the incorporation of ICT. India's PLI scheme and selective liberalization have been encouraging domestic producers and workers, positioning India as a key player in global value chains and reshaping the global trading order. The rise in demand for intermediate products is an unavoidable consequence of expanding manufacturing activities in India. India needs to import a variety of intermediate products from international sources. However, with the government becoming effective partners with private entrepreneurs, fear of expropriation has reduced. It will act as a catalyst for bringing in private investments, move vendors into India, and reducing intermediate imports. Indian government manufacturing sector development has characteristics of institutional prescriptions that are contingent on the prevailing characteristics of the Indian economy. India rejoices in being counted among the topmost favoured destinations for FDI. It is cautious, however, that, in order to grow and diversify and First Develop India, the economy needs both domestic investment and FDI. It targets a more stable FDI and reinvestment of earnings rather than a speculative finance allocation. The strategic priority is not a high gross FDI but a high net FDI.

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