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Beyond the Factory Floor

Turning Industrial Potential into Global Competitiveness





FOREWORD



Subrata Roy
Chairman, ASSOCHAM
Manufacturing Council - West Bengal

Manufacturing has always been a cornerstone of economic transformation, driving industrial development, technological advancement, employment generation and national competitiveness. As India aspires to emerge as a leading global manufacturing powerhouse and achieve the vision of Viksit Bharat@2047, strengthening the country's industrial capabilities and deepening its integration with global value chains will be critical. The changing global manufacturing landscape, shaped by technological advancements, supply-chain realignments, sustainability imperatives and the growing importance of economic resilience, presents India with an unprecedented opportunity to accelerate its manufacturing ambitions.

Eastern India occupies a strategically significant position in this emerging industrial landscape. With its rich mineral resources, established industrial base, skilled workforce, port connectivity and access to important domestic and international markets, the region possesses several inherent advantages that can support the next phase of India's manufacturing growth. West Bengal, in particular, has a diverse manufacturing ecosystem spanning metals, engineering, chemicals, foundries, textiles, leather, agro and food processing and other sectors. Its proximity to resource-rich states such as Odisha and Jharkhand further creates opportunities for developing integrated regional supply chains, strengthening downstream industries and attracting investments across emerging manufacturing sectors.

However, translating these inherent strengths into sustained industrial competitiveness requires a renewed focus on improving the broader manufacturing ecosystem. Investment-ready infrastructure, predictable policy frameworks, efficient regulatory processes, technology adoption, skilled human capital and stronger industry–MSME linkages will be essential. Equally important is the need to move beyond conventional manufacturing models towards higher value addition, innovation, productivity enhancement and greater participation in domestic and global value chains. Emerging sectors such as defence manufacturing, shipbuilding, advanced engineering, electronics, chemicals and food processing offer significant opportunities for the region to diversify its industrial base.

The report, Beyond the Factory Floor: Turning Industrial Potential into Global Competitiveness, is a timely endeavour to examine these opportunities, identify the structural challenges confronting the manufacturing sector and outline a practical roadmap for strengthening West Bengal's industrial competitiveness. Its recommendations emphasise the importance of coordinated policy interventions, modern industrial clusters, stronger investment facilitation, MSME modernisation and a more integrated approach to industrial development.

I believe that the future of West Bengal manufacturing will depend on our collective ability to transform its existing industrial strengths into globally competitive capabilities. This will require constructive collaboration among the Government, industry, investors, financial institutions, academia and industry associations. ASSOCHAM remains committed to facilitating this engagement, advocating industry-oriented reforms and creating platforms for meaningful partnerships and investment opportunities.

I hope this report will contribute to informed policy dialogue, encourage fresh investments and inspire stakeholders to work collectively towards positioning Eastern India, with West Bengal in particular, as a major manufacturing and export hub. Together, we must move beyond the factory floor and build an industrial ecosystem that is productive, innovative, resilient and globally competitive.

FOREWORD



Kausik Mukhopadhyay
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The manufacturing sector is undergoing a fundamental transformation. The competitive advantage of industrial economies is no longer determined solely by production capacity, labour availability or cost efficiencies. Increasingly, it is shaped by technological capabilities, operational excellence, quality standards, supply-chain resilience, innovation and the ability to respond to evolving global market requirements. For Indian manufacturers, this transition presents both a challenge and an opportunity to strengthen productivity, modernise operations and establish a more meaningful presence in global manufacturing value chains.

Eastern India has considerable potential to become an important contributor to this transformation. The region's established industrial enterprises, resource availability, engineering capabilities, infrastructure networks and extensive MSME base provide a strong foundation for industrial expansion. West Bengal, with its diversified manufacturing network and strategic geographical position, is particularly well placed to facilitate industrial linkages across Eastern and North-Eastern India and neighbouring international markets. There is significant scope to strengthen existing industries while creating new opportunities in advanced engineering, defence production, shipbuilding, downstream industries, and other technology-intensive manufacturing segments.

Nevertheless, the experience of manufacturers on the ground highlights several issues that need sustained attention. Access to investment-ready industrial land, infrastructure gaps, regulatory complexities, the availability of skilled manpower, technology adoption and the competitiveness of local enterprises continue to influence investment decisions and operational efficiency. MSMEs, which form an integral part of the manufacturing ecosystem, require greater access to modern production technologies, quality certification, institutional finance, technical expertise and larger domestic and international markets. Strengthening their capabilities and integrating them with anchor industries and original equipment manufacturers will be essential for building deeper and more resilient supply chains.

The transition towards smart and sustainable manufacturing also demands greater attention. Automation, artificial intelligence, digital production systems, energy efficiency and advanced quality-management practices are rapidly redefining industrial operations. Manufacturers must increasingly invest in technological upgradation, process innovation and workforce development to remain competitive. At the same time, the emerging requirements of global markets, including carbon accountability, environmental compliance and internationally accepted product standards, make sustainable production an important determinant of long-term competitiveness.

The report, Beyond the Factory Floor: Turning Industrial Potential into Global Competitiveness, provides a valuable assessment of India's manufacturing landscape, the opportunities and challenges emerging across Eastern India, especially in West Bengal's industrial ecosystem. More importantly, it seeks to translate these observations into actionable recommendations covering industrial infrastructure, investment facilitation, cluster development, policy reforms, MSME competitiveness, skill development and stronger integration with global markets.

The way forward requires a stronger partnership between policymakers and industry, supported by continuous dialogue, effective implementation and a shared commitment to industrial development. Industry associations such as ASSOCHAM have an important role in bringing together stakeholders, identifying sectoral priorities, facilitating business partnerships and ensuring that the concerns and aspirations of manufacturers are adequately represented in policy discussions.

I am confident that the insights and recommendations presented in this report will encourage meaningful deliberations and contribute towards creating a more competitive, technology-driven and investment-friendly manufacturing environment in Eastern India, with a prime focus on West Bengal. Our endeavour must be to ensure that the region's industrial potential translates into tangible investments, stronger enterprises, greater value addition and sustainable employment.

FOREWORD



Devroop Dhar
Co-Founder and MD,
Primus Partners

The success of manufacturing is often measured through investments attracted, factories established and employment generated. Yet, behind every successful manufacturing enterprise lies a much larger ecosystem of infrastructure, institutions, skilled people, technology and market linkages. The strength of this ecosystem ultimately determines whether industrial investments translate into sustained economic activity and long-term competitiveness.

As India advances towards its vision of Viksit Bharat by 2047, the opportunity before us is not merely to expand manufacturing capacity, but to fundamentally improve the environment in which manufacturing enterprises are established, operate and grow. This requires a shift in perspective, from viewing industrial development as a series of individual investments to recognising it as a continuous process of building capabilities, improving efficiencies and creating opportunities across the wider economy.

One of the most important aspects of this transformation is investment readiness. The availability of industrial land, plug-and-play infrastructure and sector-specific industrial ecosystems can significantly influence the speed at which investment commitments translate into operational projects. Equally critical is the investor's experience in navigating regulatory processes. Technology-enabled facilitation, integrated digital platforms, GIS-based information systems and simplified compliance mechanisms can bring greater transparency, predictability and efficiency to the investment journey. The objective must be to make it easier for enterprises not only to invest, but also to commence operations and expand with confidence.

The second priority is strengthening the competitiveness of existing enterprises. Manufacturing growth cannot be sustained through large investments alone. Small and medium enterprises form an integral part of industrial value chains, and their ability to access modern technologies, common testing and certification facilities, larger buyers and international markets is essential for building industrial depth. Transforming traditional manufacturing clusters into integrated ecosystems, encouraging supplier development and facilitating technology partnerships can enable enterprises to move towards higher productivity, improved quality and greater value addition.

The human dimension of industrial development is equally significant. A competitive manufacturing ecosystem requires a workforce whose capabilities evolve alongside industry requirements. Closer collaboration between industry and training institutions, greater emphasis on apprenticeships and continuous skill development, and constructive labour relations can create an environment where enterprises and workers grow together.

Effective execution, institutional coordination and a proactive approach to resolving challenges are fundamental to building investor confidence and sustaining industrial growth. Equally important is presenting a region's industrial capabilities to prospective investors through credible investment propositions and consistent engagement.

It is with this perspective that we present Beyond the Factory Floor. With a focus on Eastern India, particularly West Bengal, the report identifies practical opportunities to strengthen manufacturing ecosystems through investment-ready infrastructure, regulatory efficiency, cluster modernisation, enterprise development, workforce capabilities and proactive investment facilitation.

We hope this report encourages meaningful dialogue and, more importantly, collective action towards strengthening the foundations of manufacturing growth. Ultimately, the true measure of industrial progress lies not simply in attracting investments, but in enabling enterprises to succeed, industries to flourish and economic opportunities to multiply.

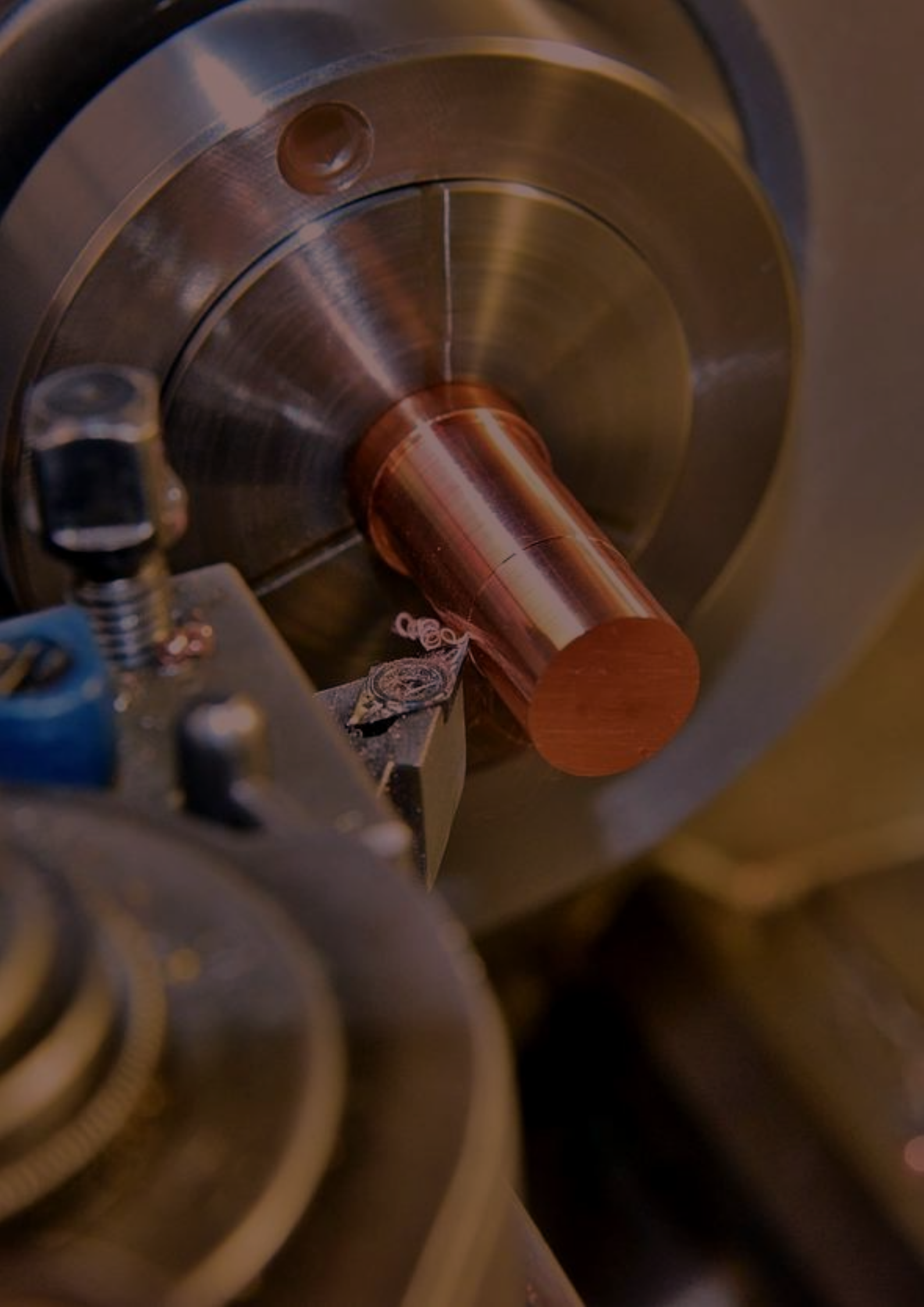




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Executive Summary



Over the past four decades, global manufacturing has undergone a fundamental transformation. While cost advantages and access to labour initially enabled many emerging economies to integrate into global production networks, sustained manufacturing leadership has increasingly become dependent on the strength of the wider industrial ecosystem—including infrastructure, supplier networks, skilled talent, research and innovation, and the ability to produce complex, high-quality goods.

More recently, geopolitical realignments, supply-chain vulnerabilities and the growing emphasis on sustainable production have further reshaped investment decisions, prompting countries to strengthen domestic manufacturing capabilities, diversify sourcing networks and compete for higher-value activities. These developments have created new opportunities for emerging manufacturing economies but also raised the bar for competitiveness.

India has made manufacturing a central pillar of its economic ambitions through initiatives such as Make in India, Production Linked Incentive (PLI) schemes, India Semiconductor Mission, etc. Nevertheless, manufacturing continues to account for around 13% of India's GDP, while the National Manufacturing Mission envisages increasing this share to 25% by 2035. Achieving this ambition will require not only attracting new investments but also improving productivity, deepening domestic supply chains, strengthening technology adoption and enabling Indian enterprises to compete in higher-value segments of global markets.



Eastern India's Manufacturing Opportunity

Eastern India presents an important opportunity to broaden the geography of India's manufacturing growth. West Bengal, Odisha and Jharkhand collectively recorded manufacturing Gross State Value Added (GSVA) of approximately **₹4.50 lakh crore in FY 2024–25**, compared with **₹5.42 lakh crore in Maharashtra**. This indicates significant scope to further strengthen the region's manufacturing base, deepen value addition, expand downstream industries and integrate regional supply chains to accelerate India's manufacturing growth.

These states offer complementary advantages. Odisha and Jharkhand have strong positions in resource-based industries, particularly metals and minerals, while West Bengal brings a diversified industrial base, established manufacturing clusters, a substantial workforce and access to domestic markets, neighbouring countries and maritime trade routes. Together, these assets provide a foundation for developing stronger regional supply chains, expanding downstream industries and creating new manufacturing opportunities.

Realising this potential, however, will require the region to move beyond traditional resource and cost advantages towards a more competitive manufacturing model based on productivity, quality, technology, innovation and higher value addition. West Bengal is central to this transition: its established industrial base and strategic location offer considerable opportunities, but persistent structural constraints continue to limit its manufacturing scale and competitiveness.



West Bengal's Manufacturing Landscape

West Bengal's manufacturing sector has continued to lose ground in the national economy, with its share of India's GDP declining from 10.5% in 1960–61 to approximately 5.5% in 2024–25. Below-national manufacturing productivity, a predominantly micro-enterprise base and limited downstream value addition constrain the sector's ability to generate higher-value output. The State accounted for just 2.9% of India's merchandise exports in FY26, with its ten leading products contributing 61.3% of its export basket, highlighting the need to diversify its export base and strengthen integration with domestic and global markets.

Despite these challenges, West Bengal has considerable industrial strengths. Its strategic location provides access to eastern and north-eastern India, neighbouring countries and maritime trade routes, supported by ports and inland waterways. Proximity to raw materials and an established industrial base spanning metals, refining, chemicals, engineering, foundries, textiles, leather, jute and food processing offer a strong foundation for further industrial development. The State's extensive MSME network, engineering and research institutions, and defence manufacturing facilities, including GRSE and YIL, provide opportunities to expand into higher-value activities and strengthen local supply chains.

Emerging opportunities in defence production, ship repair, advanced engineering, food processing and downstream chemicals could help diversify the State's manufacturing base. Investments in Haldia and developments in gas infrastructure, waterways and industrial corridors could further support new industrial clusters and downstream industries. However, capitalising on these opportunities will require the State to address persistent constraints relating to investment-ready land, infrastructure readiness, policy predictability, the reliability of incentives, labour relations and skills development. Improving MSME productivity, technology adoption and quality certification will also be essential to enable local enterprises to participate in larger supply chains.

The priority has to be to therefore to translate West Bengal's existing industrial assets into a more productive, diversified and globally competitive manufacturing ecosystem through coordinated policy reform, infrastructure development, enterprise modernisation and proactive investment facilitation.

Ten Key Recommendations to Unlock West Bengal's Manufacturing Potential

1. Strengthening Industrial Competitiveness through Effective Implementation of the New Industrial Policy

The packages for an illustrative manufacturing unit indicates that some competing States offer fiscal incentives of up to 80% of Fixed Capital Investment (FCI). Such support can significantly reduce the effective cost of investment and improve project viability, particularly during the initial years when capital requirements are high and businesses are yet to achieve optimal capacity utilisation and stable cash flows

West Bengal has recently notified a new Industrial Policy offering a range of incentives, both fiscal and non-fiscal. However, success will ultimately depend on strong implementation, both in letter and spirit. Further, it is suggested that the State consider capital subsidy-linked incentives or production-linked incentives rather than Net SGST reimbursement incentive which reward intra- state sales only.

2. Transforming Manufacturing Clusters into Integrated, High-Value Industrial Ecosystems

Despite West Bengal's diverse industrial clusters, many enterprises remain small, operate below capacity and are concentrated in lower-value activities, with limited access to technology, larger buyers and export markets.

The State should launch an integrated cluster upgradation programme providing shared design, technology, testing and certification facilities, alongside support for MSME modernisation, access to working capital and enterprise scaling. Cluster management organisations should also connect local manufacturers with larger buyers and export markets, enabling greater productivity, value addition and retention of economic benefits within the State.

3. Expanding Industrial Land Banks and Developing Plug-and-Play Industrial Infrastructure

The limited availability of suitable, litigation-free industrial land and ready-to-use facilities constrains West Bengal's ability to attract and expedite manufacturing investments.

The State should promote innovative land aggregation models, including land pooling and land partnerships, and especially focus on incentivising private developers to establish industrial parks through a dedicated private industrial park policy.

4. Development of Sector-Specific Industrial Parks in Thrust Sectors, Leveraging Government of India Schemes

West Bengal's industrial potential remains constrained by fragmented industrial development and limited integration between anchor industries, suppliers and ancillary manufacturers. The State should develop dedicated parks in sectors such as defence, shipbuilding, advanced engineering, ESDM, chemicals, pharmaceuticals, food processing and textiles, selected on the basis of existing capabilities, connectivity and supply-chain potential. These parks should provide common infrastructure and facilitate industry linkages to generate economies of scale, attract investment and strengthen domestic and global value-chain integration. The State should also leverage relevant Government of India schemes, including BHAVYA, to support park development and reduce the fiscal burden on the State.

5. Strengthening Silpa Sathi into an Integrated, GIS-Enabled and AI-Driven Investment Facilitation Platform

While Silpa Sathi currently provides 142 services across 20 government entities, its capabilities should be expanded to support investors throughout the investment lifecycle. The State should integrate a comprehensive GIS-based industrial land bank covering public and private land, with information on land availability, connectivity, utilities and industrial infrastructure. Further, an AI-powered investor assistant should provide customised guidance on applicable approvals, documentation and incentives and the portal should be strengthened to also enable end-to-end online processing of approvals and incentive applications, supported by integration with departmental databases for digital verification, reduced duplication and fewer physical inspections.

6. Building a Predictable, Efficient and Business-Friendly Regulatory Framework

Despite ongoing reforms under the Business Reform Action Plan (BRAP) and the development of Silpa Sathi, regulatory complexity, compliance costs and uncertainty in approval timelines can constrain industrial investment and expansion. The State should undertake a comprehensive Cost of Compliance Study to identify and rationalise redundant requirements, introduce deemed approvals for eligible low-risk clearances, and establish a Land Feasibility Certification mechanism to provide investors with reliable, pre-verified information on land suitability and regulatory constraints. It should also consider a Right to Business framework for eligible MSMEs, decriminalise minor and technical violations where appropriate, and strengthen risk-based inspections, digital processing and inter-departmental coordination. These reforms should be underpinned by defined service timelines, automatic escalation of delays and publicly reported performance indicators to improve accountability, reduce compliance burdens and enhance investor confidence.

7. Enhancing MSME Competitiveness through Global Market Access, Technology Partnerships and Supplier Development

West Bengal's MSMEs need stronger capabilities to access international markets, meet global buyer requirements and participate in domestic and global value chains. The State should establish an integrated MSME Global Competitiveness Programme combining sector-specific export intelligence and handholding on trade requirements, certification, logistics and export finance with a digital platform connecting enterprises to international buyers, multinational companies and technology partners. Regular buyer–seller meets and supplier development programmes should link local enterprises with anchor manufacturers, OEMs and export houses, while international technology partnerships and collaboration with research institutions should support technology transfer, product innovation, automation and process modernisation. These interventions should prioritise the State's established clusters, including engineering and foundries, leather, textiles and apparel, jute, handicrafts and processed foods, enabling MSMEs to improve productivity, meet global standards and move into higher-value activities.

8. Establishing a State-Wide Manufacturing Quality Enhancement Programme

Quality deficiencies, limited access to testing facilities and gaps in technical capabilities can constrain the competitiveness of West Bengal's manufacturers, particularly MSMEs, and limit their participation in domestic and global value chains. The State should strengthen common testing laboratories, calibration and metrology facilities across industrial clusters, while providing financial and technical assistance for quality certification, standards compliance and modern quality-management systems. The programme should also promote quality audits, process improvements and precision manufacturing, supported by technical training and partnerships between local MSMEs, large manufacturers and OEMs. Targeted incentives for quality-related equipment, certification and technology upgradation could further encourage adoption, with support linked, where feasible, to measurable improvements in product quality, defect rates and buyer compliance.

9. Strengthening Labour Relations and Building a Skilled Manufacturing Workforce

The State should establish mechanisms for early resolution of labour disputes through structured engagement among employers, workers, trade unions and labour authorities and depolitisation of unions. To build a skilled manufacturing workforce, the State should develop District Skilling Councils in partnership with industry, promote long-term industry–ITI adoption/partnerships to modernise curricula, training equipment and instructor capabilities, while aligning skill development with the evolving needs of sectors such as precision engineering, electronics, industrial automation and chemicals. Expanding apprenticeships, work-based learning and continuous upskilling, alongside cluster-level assessments of workforce demand and skill gaps, would also help create a reliable pipeline of industry-ready workers.



10. Repositioning West Bengal as a Competitive Manufacturing and Investment Destination

Despite its industrial legacy, strategic location and established manufacturing base, historical perceptions regarding industrial relations, infrastructure readiness, business conditions and project execution have affected investor confidence. The State should launch a unified investment promotion campaign under the banner "Make in Bengal. Build for the World.", anchored in tangible improvements to the investor experience and supported by a new industrial policy, sector-specific policies, strengthened single-window clearances and the development of industrial parks. A dedicated investment promotion team, modelled on agencies such as INDEXTb in Gujarat and Guidance Tamil Nadu, should proactively engage domestic and international investors, develop sector-specific investment propositions, facilitate site selection and project approvals, and coordinate with departments to resolve implementation bottlenecks.

West Bengal has the industrial legacy, strategic location, enterprise base and institutional capabilities to strengthen its position as a major manufacturing and export hub in eastern India. Achieving this ambition will require a shift from fragmented interventions towards a coordinated strategy that links industrial policy with investment execution, infrastructure development with enterprise productivity, and sectoral growth with deeper local supply chains.

The State's priority should be to address the constraints that investors and manufacturers encounter while building on existing industrial strengths. With sustained implementation, these measures can support a more diversified, competitive and globally integrated manufacturing ecosystem, generating higher-value output and more sustainable employment across the State

01 The New Geography of Manufacturing

From Cost Advantage to Competitive Capability

Introduction: Manufacturing in a Changing Global Economy

Manufacturing has long been a driver of economic growth, technological advancement and national competitiveness. Over the past four decades, however, the forces shaping industrial leadership have changed considerably. Production has expanded beyond traditional industrial economies, global value chains have connected manufacturers across borders, and technological advances have transformed how goods are designed and produced.

Today, manufacturing competitiveness is no longer determined by labour costs or production scale alone. Access to technology, skilled talent, reliable infrastructure, strong supplier networks and the ability to innovate are increasingly important in determining where investment flows and where economic value is created. At the same time, geopolitical tensions, supply-chain disruptions and the transition towards sustainable production are prompting governments and businesses to reassess their industrial strategies.

These shifts are reshaping both the geography of manufacturing and the sources of competitive advantage. Understanding how this landscape has evolved—and how different regions have positioned themselves within it—is essential to identifying the opportunities available to emerging manufacturing economies such as India.

Evolution of Global Manufacturing: From Cost Efficiency to Strategic Capability

Over the past four decades, global manufacturing has evolved from a system shaped largely by location and cost advantages into a more integrated, technology-intensive and strategically important ecosystem.



The 1980s and 1990s: The search for cost and location advantages. Trade liberalisation, improvements in transport and communications, and the expansion of multinational corporations enabled production to move beyond traditional industrial centres in North America, Western Europe and Japan. Labour-intensive activities such as textiles, garments, footwear and basic assembly increasingly shifted towards emerging economies offering competitive costs and access to labour and markets. This created new pathways for developing economies to enter global manufacturing networks, while advanced economies retained important roles in research, engineering and sophisticated production.

The 2000s: The rise of global value chains and industrial ecosystems. Manufacturing increasingly moved beyond the relocation of individual factories towards the distribution of different production stages across countries. Components could be manufactured in one location, assembled in another and sold globally. China's integration into the global trading system, particularly following its accession to the World Trade Organization in 2001, accelerated this shift. Its combination of infrastructure, industrial clusters, supplier networks and production scale demonstrated that sustained manufacturing competitiveness depends on the strength of an entire industrial ecosystem—not simply low wages.

The 2010s: Productivity, technology and higher-value manufacturing. As automation, robotics, digital technologies and advanced materials gained ground, manufacturers increasingly competed on productivity, precision, quality and innovation. Although labour-intensive production continued to create opportunities for emerging economies, the ability to move beyond basic assembly into component manufacturing, engineering, product development and specialised production became increasingly important for capturing greater value. Industrial competitiveness thus came to depend as much on technological and organisational capabilities as on production costs.

The 2020s: Resilience, technological sovereignty and sustainability. The pandemic, geopolitical tensions and supply-chain disruptions exposed the risks of excessive dependence on concentrated sources of critical products and technologies. Businesses and governments have consequently pursued strategies such as China+1, nearshoring, friend-shoring and regionalisation to diversify supply chains. Sectors including semiconductors, advanced electronics, batteries, pharmaceuticals and clean-energy technologies have gained strategic importance. Meanwhile, artificial intelligence, intelligent production systems, decarbonisation and resource efficiency are reshaping manufacturing processes and investment decisions.

These developments do not signal the end of globalisation. Rather, global production networks are being reconfigured to balance cost and efficiency with resilience, technological capability and strategic security. The central lesson is that **manufacturing leadership increasingly rests on the ability to combine scale with innovation, productive ecosystems, skilled talent and adaptability.**



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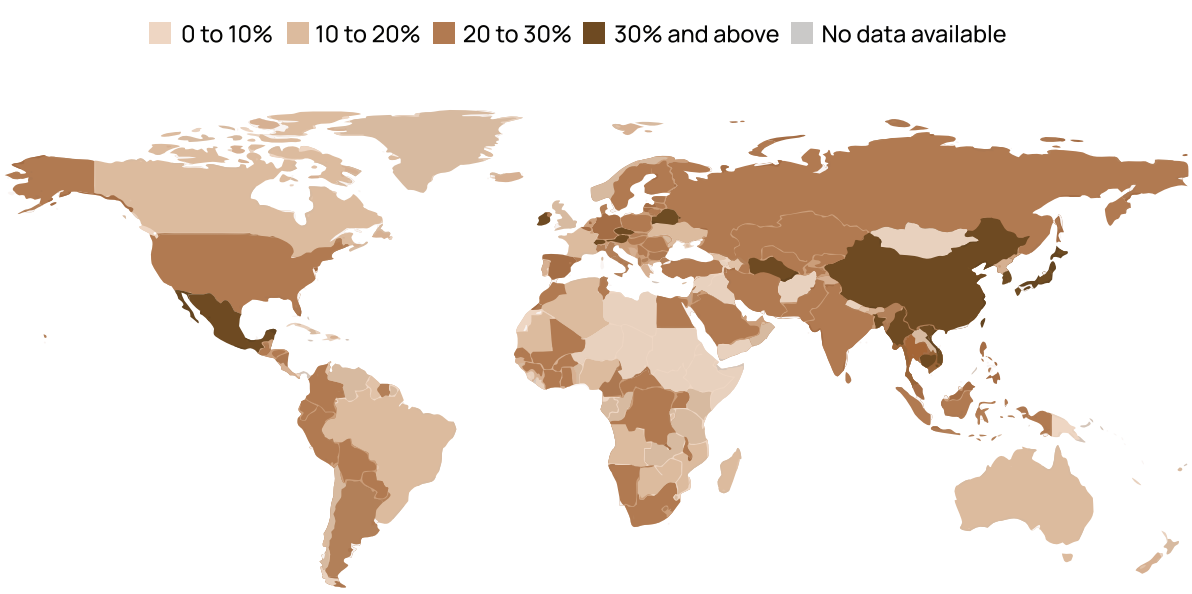
> Global manufacturing is increasingly shifting towards economies that can combine technological capabilities with speed and efficiency. India has tremendous headroom to expand its manufacturing base, but capitalising on this opportunity requires faster project execution, predictable timelines and a strong industrial ecosystem. Our ability to translate investment interest into operational manufacturing capacity will ultimately determine our position in global supply chains

Regional Distribution of Manufacturing: Different Regions, Different Advantages

The evolution of global manufacturing has also transformed its geographical distribution. Asia and Oceania accounted for 57.2%[1] of global manufacturing value added in 2024, up from 27.3% in 1990. By contrast, the combined share of Northern America and Europe fell from 61.0% to 35.8% over the same period. This shift reflects the rise of Asian manufacturing, particularly China, alongside the continued importance of established industrial economies in technology-intensive and specialised production.

Manufacturing accounts for a substantial share of GDP in Asia and parts of Europe and Latin America, while African economies continue to advance gradually toward industrialization.

Manufacturing Value Added (MVA) share in GDP (constant 2015 USD), 2024



Source: UNIDO, International Yearbook of Industrial Statistics 2025, Figure 7 (2024 data).

However, manufacturing leadership is not distributed uniformly. Different regions have developed distinct capabilities, reflecting their industrial ecosystems, technological strengths, labour markets and integration into global value chains.

East Asia: Scale, technology and integrated supply chains. China has become the world's **dominant manufacturing centre**, increasing its share of global manufacturing value added from 2.8% in 1990 to 32.0% in 2024. Its **strength extends across components, intermediate goods, capital equipment and finished products, supported by large industrial clusters and extensive supplier networks**. Japan retains strengths in automotive engineering, robotics, machinery and precision manufacturing, while South Korea and Taiwan play important roles in semiconductors, electronics and advanced materials. Together, these economies demonstrate how industrial depth and specialised capabilities can reinforce manufacturing competitiveness.

Europe: Engineering excellence and high-value production. Europe continues to hold important positions in **advanced engineering, automotive manufacturing, industrial machinery, aerospace and pharmaceuticals**. Germany illustrates this model through its interconnected ecosystem of vehicle manufacturers, component suppliers, precision engineering firms, machinery producers and research institutions. Italy and France have developed strengths in specialised machinery, design-intensive manufacturing, aerospace and pharmaceuticals, while Central and Eastern European economies are integrated into regional automotive and electronics supply chains. The region illustrates how technological sophistication, quality and specialisation can sustain competitiveness even as its share of global manufacturing declines.

South and Southeast Asia: Export-oriented production and emerging manufacturing hubs. Several Asian economies have built competitive positions by **specialising in selected industries and integrating into international supply chains**. Bangladesh has established a globally significant garment industry, with its share of global manufacturing value added in wearing apparel rising from 3.2% in 2000 to 13.9% in 2023. Vietnam has expanded from garments and footwear into electronics assembly, supported by international investment and access to global markets. Thailand has developed automotive and auto-component capabilities, while Malaysia and Singapore occupy important positions in electronics and semiconductors. India, meanwhile, has a more diversified manufacturing base spanning pharmaceuticals, automobiles, chemicals, engineering goods, textiles and metals, alongside expanding electronics production.

North America: Technology leadership and regional integration. The United States remains the world's **second-largest manufacturing economy**, accounting for 15.0% of global manufacturing value added in 2024. Its **strengths include aerospace, pharmaceuticals, advanced machinery, electronics and research-intensive industries**. Mexico has developed as an important manufacturing base within North American automotive, electronics and industrial supply chains, benefiting from geographic proximity to the United States and cross-border production networks. This regional model combines advanced technological capabilities with integrated manufacturing across neighbouring economies.

Latin America and Africa: Resource-linked manufacturing and opportunities for industrial upgrading. Brazil and other Latin American economies have established capabilities in food processing, automotive manufacturing, chemicals and metals. Across Africa, opportunities are emerging in agro-processing, textiles, mineral processing and automotive components, supported by natural resources and expanding consumer markets. However, infrastructure gaps, financing constraints, technological limitations and less-developed supplier ecosystems continue to constrain the scale and complexity of manufacturing in several economies.

The regional picture reveals an important distinction: manufacturing competitiveness is not simply about attracting factories. It depends on the ability to build capabilities suited to specific industries, connect domestic firms with wider value chains and progressively move into more productive and technologically sophisticated activities. For emerging manufacturing economies, the opportunity lies in combining competitive production with stronger supplier networks, innovation, skills and access to domestic and international markets.



The Forces Reshaping Manufacturing's Next Decade

Global manufacturing is entering a new phase in which traditional advantages of cost, scale and market access are increasingly complemented by strategic, technological and environmental considerations. Geopolitical realignments are reshaping investment decisions, supply-chain disruptions are elevating the importance of resilience, and advances in digital technologies are changing the economics of production. At the same time, decarbonisation and the emergence of clean-energy industries are creating new requirements and opportunities for manufacturers.

Five interconnected forces are likely to shape the next decade of global manufacturing.

1. Geopolitical Realignment and the Resurgence of Industrial Policy

Manufacturing has increasingly become a strategic priority for governments seeking to strengthen economic security, reduce external dependencies and secure access to critical technologies. Trade tensions, tariffs, export restrictions and competition over strategic industries are prompting governments and multinational enterprises to reassess their manufacturing footprints.

Semiconductors, advanced electronics, critical minerals, defence equipment and advanced materials have consequently attracted greater policy attention and targeted investment. Industrial incentives and domestic manufacturing programmes are being used to develop strategic capabilities and strengthen national industrial bases. These developments are reshaping investment flows and creating opportunities for countries capable of offering competitive, reliable and strategically relevant manufacturing locations.



2. Supply-Chain Resilience and Diversification

Recent disruptions have exposed the risks associated with concentrated production networks and dependence on a limited number of suppliers for critical inputs. Companies are increasingly diversifying sourcing arrangements and exploring China+1 strategies, nearshoring, friend-shoring and regional production networks to reduce exposure to geopolitical and operational risks.

The challenge is particularly pronounced in sectors such as semiconductors, pharmaceuticals, critical minerals and clean-energy technologies, where production capabilities remain concentrated in a limited number of economies. For instance, the International Energy Agency has highlighted China's dominant position across several clean-energy technology supply chains, including solar photovoltaics and batteries.

This shift does not signal the end of globalisation. Rather, companies are seeking to balance resilience with the cost efficiencies and specialised capabilities offered by established production networks. Manufacturing destinations that combine competitive costs with dependable infrastructure, capable suppliers and reliable market access will be better positioned to benefit from this diversification.

3. Digitalisation and Artificial Intelligence as Drivers of Productivity

Artificial intelligence, industrial robotics, digital twins, advanced sensors and connected production systems are transforming manufacturing processes. These technologies can improve production planning, quality control, predictive maintenance, resource utilisation and responsiveness to changing demand.

Their impact extends beyond individual factory operations. The integration of digital technologies across design, procurement, production, logistics and maintenance is enabling manufacturers to coordinate increasingly complex industrial systems and make better use of operational data.

However, technology adoption alone does not guarantee productivity gains. Effective implementation requires skilled workers, reliable digital infrastructure, interoperable systems, cybersecurity and organisational readiness. As a result, the competitive advantage is likely to accrue to manufacturers that can translate technological adoption into measurable improvements in productivity, quality, flexibility and product innovation.



4. Decarbonisation and the Growing Importance of Carbon Competitiveness

Environmental sustainability is becoming an increasingly important determinant of industrial investment and access to international markets. Manufacturers face growing pressure to reduce emissions, improve energy and material efficiency, and demonstrate the environmental performance of their production processes.

This transition is particularly significant for energy-intensive industries such as steel, aluminium, cement and chemicals. It is also being reinforced by regulations such as the European Union's Carbon Border Adjustment



Pooja Lahri
Managing Director
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> Decarbonisation is emerging as a key driver of global manufacturing competitiveness. Through our Climate Goal Realisation practice, we assist organisations in developing and operationalising environmental, social and governance frameworks that align with national priorities and global standards.



Mechanism (CBAM), which entered its definitive regime on 1 January 2026 for specified imports, including iron and steel, aluminium, cement, fertilisers, electricity and hydrogen.

For exporters, the implications extend beyond conventional environmental compliance. The ability to measure and verify embedded emissions, access cleaner energy and adopt lower-carbon production processes can increasingly influence market access and competitiveness. Manufacturers that invest in credible emissions measurement and resource-efficient production will be better equipped to respond to evolving buyer requirements and regulatory obligations.

5. The Energy Transition and the Emergence of New Manufacturing Value Chains

The transition towards cleaner energy systems is creating new manufacturing opportunities while transforming established industries. Electric mobility, battery storage, renewable-energy equipment, power electronics and other low-carbon technologies are generating demand for new products, components and specialised production capabilities.

These opportunities extend across multiple stages of the value chain, from materials processing and component manufacturing to assembly, testing and recycling. However, the ability to capture this growth will depend on access to affordable energy, raw materials, technology, skilled talent and supporting industrial infrastructure. The concentration of several clean-energy supply chains also highlights the importance of developing reliable domestic capabilities and integrating local firms into international production networks.

For emerging manufacturing economies, the energy transition therefore presents a dual opportunity: to participate in new and expanding industries while improving the energy efficiency and environmental performance of existing manufacturing activities.

The Emerging Manufacturing Paradigm

Taken together, these forces point towards a more demanding and multidimensional model of manufacturing competitiveness. Cost efficiency and production scale will remain important, but they will increasingly need to be complemented by technological capabilities, resilient supply chains, skilled talent and sustainable production.

The implications for emerging manufacturing economies are significant. Competing on labour costs alone is unlikely to be sufficient to secure durable industrial advantage. The greater opportunity lies in developing integrated industrial ecosystems that combine competitive production with quality, reliable infrastructure, capable domestic suppliers, innovation, technology adoption and access to expanding markets.

For India, this creates an opportunity to strengthen its position in global value chains by moving beyond isolated production activities towards deeper manufacturing capabilities and higher-value products. The challenge is to translate the country's existing industrial base, sectoral strengths and workforce potential into a more competitive and connected manufacturing ecosystem—one capable of attracting investment, strengthening local enterprises and capturing opportunities arising from the ongoing reconfiguration of global production.

02 India's Position in the Global Manufacturing Ecosystem

Strong Capabilities, Untapped Potential

Manufacturing is central to India's aspiration of becoming a developed economy. In 2024-25, the country's registered factories generated ₹26.94 lakh crore in gross value added and employed more than 2.1 crore people[2]. Nevertheless, the **sector contributes only about 13% of GDP, roughly half of the 25% share targeted by the National Manufacturing Mission for 2035**[3]. For much of the post-1991 period, services drove India's growth while industry lagged. Over the past decade, policy has sought to correct this imbalance through Make in India, production-linked incentives, logistics reform and the consolidation of labour laws.

India's Journey and Position in the Global Market

India's factory sector has expanded in both scale and sophistication over the past five years. The country now has about 2.67 lakh registered factories, and factory employment grew by 7.2% in 2024-25 alone, equivalent to roughly 14 lakh additional jobs in a single year. Medium- and high-technology products now account for almost half (46.3%) of manufacturing value added, indicating a gradual shift up the value chain[4].

Relative to the size of the economy, however, India's manufacturing base remains underdeveloped. Manufacturing contributed about 12.9% of GDP in 2023, and **India accounts for only 3.3% of global manufacturing value added and 1.8% of world merchandise exports; in other words, fewer than two of every hundred dollars of goods traded globally originate in India**. To put this in context, India is home to nearly 18% of the world's population (about 146 crore people in 2025)[5] and about 2.4% of its land area[6]. Its **share of world manufacturing value added is therefore only about one-sixth of its population share, and its share of merchandise exports roughly one-tenth**. China, with a broadly similar share of world population, accounts for an estimated 26% to 30% of global manufacturing value added[7]. Domestically, **roughly one in eight workers is employed in manufacturing, while more than two in five remain dependent on agriculture**. Absorbing this surplus labour into productive factory employment remains one of India's foremost structural priorities.



Table 1: India's manufacturing sector at a glance

	INDICATOR	VALUE
01	Registered factories (2024-25)	**2.67 lakh**
02	Factory value added (2024-25)	**₹26.94 lakh crore**
03	People employed in factories (2024-25)	**2.10 crore**
04	Manufacturing share of GDP (2023)	**12.9%**
05	Share of world manufacturing value added	**About 2.9%**
06	Share of world merchandise exports	**About 1.8%**

Source: MoSPI ASI 2024-25; Economic Survey 2025-26.

Aggregate figures, however, mask considerable strength in specific industries. India is the world's second-largest producer of crude steel[8] and of mobile phones[9] (although largely as an assembler: domestic value addition in mobile phones is estimated at only 22-23%, against a government target of 35-40%[10]), the third-largest automobile market[11], and the source of approximately one in every five generic medicines sold worldwide[12].

Table 2: India's global rank in key manufacturing sectors

	SECTOR	GLOBAL RANK	SCALE
01	**Crude steel**	**2nd**	**149 MT** produced in 2024
02	**Mobile phones**	**2nd** (largely assembling)	Production of **₹5.45 lakh crore** in FY25
03	**Cement**	**2nd**	**Over 7%** of global capacity
04	**Automobiles**	**3rd** (market)	Industry valued at **₹22 lakh crore**
05	**Pharmaceuticals**	**3rd** (by volume)	**About 20%** of global generic supply

Source: Ministry of Steel; Economic Survey 2025-26; Indian Chamber of Commerce[13]; AIR News; Government pharma factsheet (March 2026).

These positions demonstrate India's capacity to compete at global scale where policy support, domestic demand and investment are aligned. Several of these sectors, notably electronics, pharmaceuticals, automobiles and specialty steel, are also the principal focus of recent industrial policy.



Initiatives to Strengthen India's Place in Global Value Chains

Industrial policy over the past decade has evolved in three distinct phases. Make in India, launched in 2014, established the strategic intent and prioritised improvements in the ease of doing business. From 2020, the government reinforced that intent with fiscal support linked directly to output. The current phase addresses the structural enablers of competitiveness: logistics, labour regulation, product standards and research capability. The key initiatives are outlined below.

- **Make in India (2014):** The national programme promotes investment in manufacturing and now spans 27 sectors.
- **Production Linked Incentive (PLI) schemes (2020):** An outlay of ₹1.97 lakh crore across 14 sectors rewards incremental sales above a base year[14].
- **India Semiconductor Mission (2021) and ISM 2.0 (2026):** A ₹76,000 crore programme supports semiconductor fabrication, display manufacturing and chip assembly and testing[15]. Building on this, the Union Budget 2026-27 announced India Semiconductor Mission 2.0, which shifts the focus from setting up capacity to deepening the ecosystem: domestic production of semiconductor equipment, chemicals, gases and materials, full-stack Indian chip IP, industry-led research and skilling centres, and supply-chain resilience[16].
- **PM Gati Shakti (2021) and National Logistics Policy (2022):** Integrated planning of roads, rail, ports and industrial corridors aims to reduce logistics costs[17].
- **Industrial smart cities (2024):** Twelve plug-and-play industrial nodes across ten states have been sanctioned at an estimated cost of ₹28,602 crore[18].
- **Electronics Component Manufacturing Scheme (2025):** An outlay of ₹22,919 crore seeks to deepen the domestic component base for electronics assembly[19].
- **Four Labour Codes (effective 21 November 2025):** Twenty-nine central labour laws have been consolidated into four codes[20].
- **National Manufacturing Mission (Budget 2025-26):** The mission targets a 25% manufacturing share of GDP by 2035, supported by a ₹1 lakh crore research and innovation fund[21].

Product standards have served as a complementary instrument. Quality Control Orders now cover 723 products, more than three times the 214 covered in 2019. In the toy sector, they contributed to a 52% fall in imports and a 239% rise in exports. The government has also demonstrated a willingness to recalibrate, withdrawing 46 orders in 2025-26 in response to industry concerns over rising input costs[22].



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> India's manufacturing ambitions must be supported by a fundamental shift in how we define competitiveness. Rather than competing primarily on price, Indian industries need to focus on quality, reliability and technological capabilities. Strengthening precision manufacturing, upgrading machinery and investing in workforce skills can help domestic manufacturers establish themselves as trusted suppliers in global value chains

Case Study: Impact of PLI Schemes on Domestic Production

Progress over the past five years is evident across the manufacturing base, and the PLI schemes provide the most direct measure of it. By September 2025, participating companies had invested more than ₹2 lakh crore and generated incremental output exceeding ₹18.7 lakh crore. Each rupee of incentive disbursed has therefore been associated with roughly ₹78 of additional production[23].

Table 3: PLI schemes, results up to September 2025

MEASURE	RESULT
Investment made	Over ₹2 lakh crore
Additional production	**Over ₹18.7 lakh crore**
Exports	Over ₹8.2 lakh crore
Jobs supported	About 12.6 lakh
Incentives paid so far	₹23,946 crore

Source: Economic Survey 2025-26.

At the sectoral level, electronics has undergone the most pronounced transformation. Mobile phone production increased roughly thirty-fold over a decade, from ₹18,000 crore in FY15 to ₹5.45 lakh crore in FY25, and electronics advanced from India's seventh-largest export category in FY22 to its third-largest in FY25[24].

Gains in other sectors, while less visible, are equally significant. In bulk drugs, India converted a ₹1,930 crore trade deficit in FY22 into a ₹2,280 crore surplus in FY25[25]. Defence exports rose more than thirty-fold, from ₹686 crore in FY14 to ₹23,622 crore in FY25[26]. Investor confidence has followed: FDI inflows reached a record $94 billion in 2025-26[27], and total exports attained a record $863.1 billion in the same year[28].

India's Progress on Global Indices

International assessments corroborate this progress. Between 2014 and 2020, India advanced 79 places on the World Bank's Ease of Doing Business ranking, from 142nd to 63rd[28]. On the Global Innovation Index, it improved from 81st in 2015 to 38th in 2025 and has ranked first among lower-middle-income economies since 2022[29]. Its position on the Logistics Performance Index rose from 54th in 2014 to 38th in 2023, supported by faster port clearance; average container dwell time has fallen to about three days, comparable to Singapore[30]. UNIDO's Competitive Industrial Performance index ranked India 37th in 2023, up from 40th[31].

Broader assessments of national competitiveness have shown more modest movement. The IMD World Competitiveness Ranking, which also evaluates government efficiency and infrastructure, placed India 41st in 2025, broadly in line with its 39th position a year earlier[32]. The gains achieved at the industrial level are yet to be fully reflected in economy-wide measures.



Tapan Rishi Bhatnagar
COO
Saab FFVO India

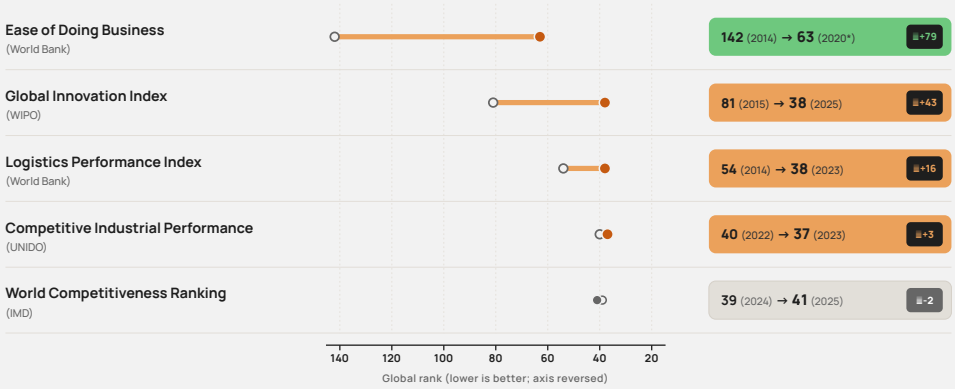
> India's defence manufacturing sector presents significant opportunities for indigenisation, innovation and private sector participation. However, achieving true self-reliance requires moving beyond assembly towards indigenous design, advanced engineering and critical component manufacturing. Stronger collaboration between defense PSUs, private industries and MSMEs, supported by investments in technology, testing infrastructure and skilled manpower, will be essential to positioning India as a globally competitive defense manufacturing hub.

India's Progress on Global Indices

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Figure: India's movement on major global indices

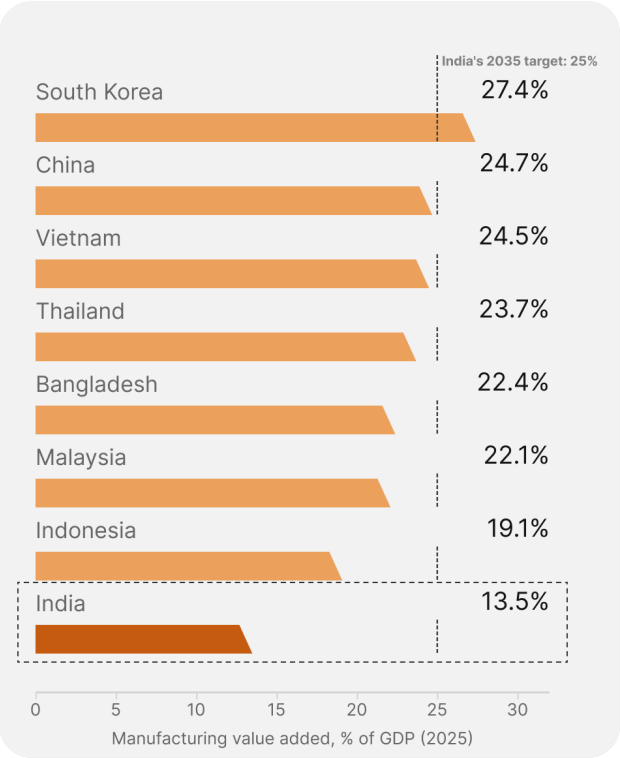


Sources: World Bank; WIPO; UNIDO; IMD. *The World Bank discontinued the Doing Business report after the 2020 edition.

How India compares with the rest of the world

Relative to other Asian manufacturing economies, India's industrial base remains small for an economy of its size. Manufacturing accounted for **13.5% of India's GDP** in 2025, compared with **23% to 28% in South Korea**, China, Vietnam and Thailand; Bangladesh and Indonesia also recorded higher shares[42]. Achieving the 25% target would require India to nearly double its manufacturing share within a decade.

Figure: Manufacturing value added, % of GDP, 2025



Source: World Bank WDI.

The strategic opportunity is nonetheless substantial. China accounts for an estimated **26% to 30% of global manufacturing** value added, and UNIDO projects that its share could rise to **45% by 2030[43]**. Concern over such concentration has prompted many global buyers to pursue diversified sourcing, and India is among the few economies with the scale to serve as a credible alternative.

Table 4: How India compares with leading Asian manufacturers

INDICATOR	India	China	Vietnam[36]	South Korea
01 Manufacturing, % of GDP (2025)	13.5%	24.7%	24.5%	27.4%
02 R&D spending, % of[37] GDP	0.64%	2.43%	—	4.91%
03 Robots per 10,000 workers	5-7	470	—	—
04 Foreign[38] inputs in exports (2020)	17.2%	—	48%	—

Source: World Bank; Economic Survey 2025-26[35]; A dash indicates that the source does not report the figure.

The comparison highlights three structural constraints. South Korea invests nearly eight times as much of its GDP in research as India, and private enterprises in Korea and China fund close to four-fifths of national R&D, against about two-fifths in India. Automation remains limited, with China deploying seventy or more robots for every one in an Indian factory. India also imports comparatively few intermediate inputs for assembly and re-export, which keeps it at the periphery of the global supply chains in which Vietnam is now deeply integrated.

Global Case Studies that India can learn from

Vietnam: Growth through anchor investors

Vietnam illustrates the impact that a small number of anchor investors can achieve. Samsung began producing televisions in the country in 1996 and expanded into mobile phones after 2009. With investments of about **$22 billion and a workforce of 112,000,** the company accounted for roughly one in every five dollars of Vietnam's exports in 2023, while foreign-owned firms collectively generate nearly three-quarters of national exports[36]. The model has limitations: imported content represents 48% of export value, and most manufacturing employment remains low-skilled[37]. For India, the lesson is to leverage anchor investors for speed and scale while simultaneously developing a domestic supplier base to retain value.

South Korea: Turning scale into capability

South Korea progressed from low-cost assembly into steel, shipbuilding, automobiles and semiconductors, with state support explicitly conditioned on export performance. The country now invests **4.91% of GDP in research, predominantly through its corporate sector[38]**, and Korean firms have become the largest foreign investors in Vietnam, with cumulative commitments of **$92 billion by the end of 2024[39].** Korea's experience indicates that incentives are most effective when tied to clear performance targets and accompanied by sustained corporate investment in technology.

China: Clusters and Infrastructure at scale

China's industrial strength rests on dense manufacturing clusters, export zones and sustained investment in ports and power. In 2024, China produced almost seven tonnes of crude steel for every tonne produced in India[40], and its factories deploy **470 robots per 10,000 workers**,



nearly three times the global average[41]. India need not replicate the Chinese model in full; the cluster approach, however, is highly transferable. Co-locating land, power, port access and skilled labour enables suppliers to agglomerate around anchor plants and lowers costs across the value chain.

Overall, the evidence portrays an economy that has established a firm foothold in manufacturing but has yet to realise its full potential. India has demonstrated, in industries as diverse as steel, pharmaceuticals, automobiles and electronics, that it can produce at global scale. The next phase will depend on deeper supplier networks, greater corporate investment in research, and industrial clusters built around regional comparative advantages. Few regions possess such advantages in greater measure, or have leveraged them less fully, than India's eastern states, which are examined in the following chapter.

03 Eastern India's Manufacturing Opportunity

Strong Industrial Assets, Uneven Economic Outcomes

Eastern India occupies a strategically important place in India's manufacturing landscape. Its mineral reserves, established industrial base, port connectivity and skilled workforce provide a strong foundation for industrial development. Odisha and Jharkhand are important centres of mineral extraction and metals production, while West Bengal brings a diversified manufacturing base, downstream industrial capabilities and access to major domestic and international markets. Together, the three states possess complementary strengths that could support a more integrated and competitive industrial ecosystem.

Yet this industrial potential has not translated into a commensurate share of national economic output. West Bengal, which accounted for over a tenth of India's GDP in 1960–61, saw its share decline to 5.6% by 2023–24[44].

The broader eastern region faces a related challenge: converting its resource endowments and established industrial capabilities into sustained economic growth, higher-value manufacturing and stronger participation in national and global value chains. Understanding this gap requires looking beyond individual state performance to examine the region's industrial specialisations, the linkages between them and the factors shaping its competitiveness relative to India's leading manufacturing states.

This section examines the eastern region's contribution to national output, the distinct strengths of Odisha, Jharkhand and West Bengal, the opportunities for greater regional integration, and the lessons that can be drawn from Gujarat, Maharashtra, Andhra Pradesh and Tamil Nadu.



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> West Bengal has significant potential to strengthen its manufacturing base, but unlocking this opportunity requires a more efficient and predictable regulatory environment. Simplifying statutory and environmental clearances, reducing procedural bottlenecks and rationalising inspections can help industries accelerate project execution and improve the State's attractiveness as a manufacturing destination.

Eastern Region's Contribution to National Output

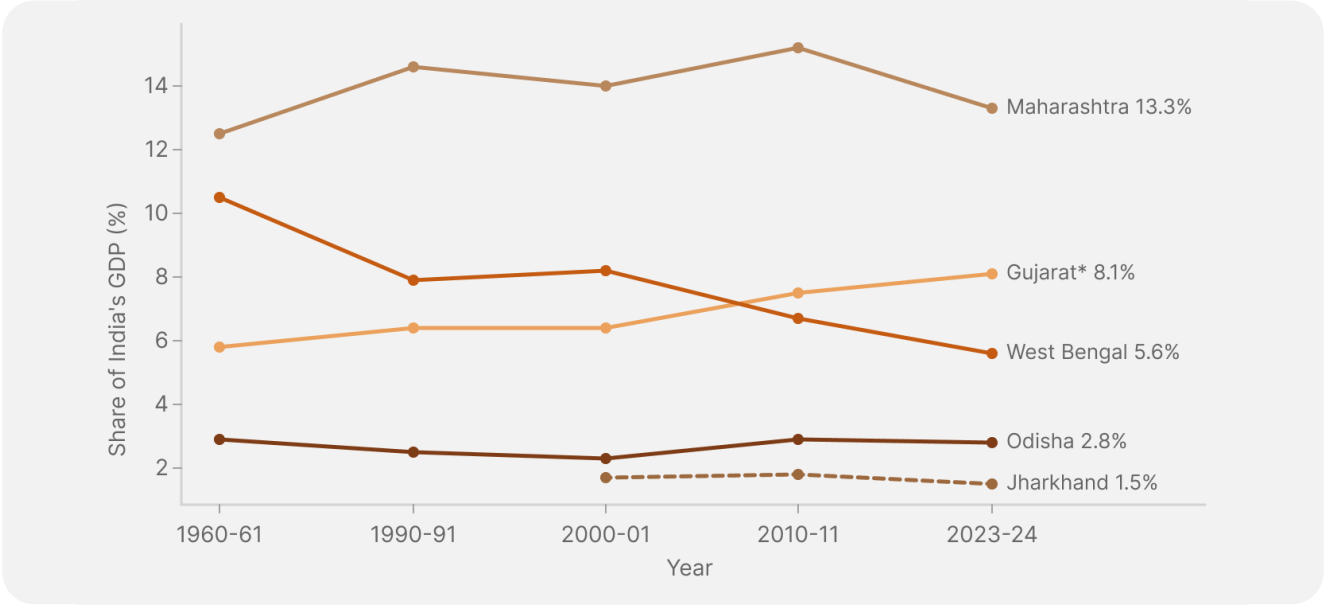
The long-term trend is pronounced. West Bengal's share of India's GDP fell from **10.5% in 1960-61 to 5.6% in 2023-24**, the steepest decline recorded by any state. Odisha has maintained a stable share of **2.8% to 2.9%** since 2010-11, and Jharkhand has remained within a range of **1.5% to 1.8%** since its formation in 2000. Over the same period, Gujarat's share increased from 5.8% to 8.1%[45] while Maharashtra has consistently recorded a share of over 12% over the past few decades.



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Managing Director
Grasim India Ltd

> Eastern India possesses a unique combination of mineral resources, established industrial capabilities, skilled manpower and access to domestic and international markets. Yet, these advantages have not translated into manufacturing growth at the scale the region deserves. The priority should be to strengthen downstream industries, develop integrated industrial clusters and create stronger linkages between resource-rich states and manufacturing centres. This would enable the region to move from being primarily a supplier of raw materials to a hub for higher-value manufacturing.

Figure: Share of India's GDP, selected states, 1960-61 to 2023-24



Source: EAC-PM Working Paper, September 2024. *Gujarat's latest figure is for 2022-23.

In organised manufacturing, the region's presence remains limited. **Maharashtra, Gujarat, Tamil Nadu, Karnataka and Uttar Pradesh together generate more than half (54%) of India's factory value added**, and no eastern state features in the top five for value added, output or employment[46]. Odisha nevertheless ranks fourth nationally for fixed capital invested in factories, with 7.96% of the national total[47], reflecting the capital intensity of its steel, aluminium and power assets, which require substantial investment but comparatively limited labour.

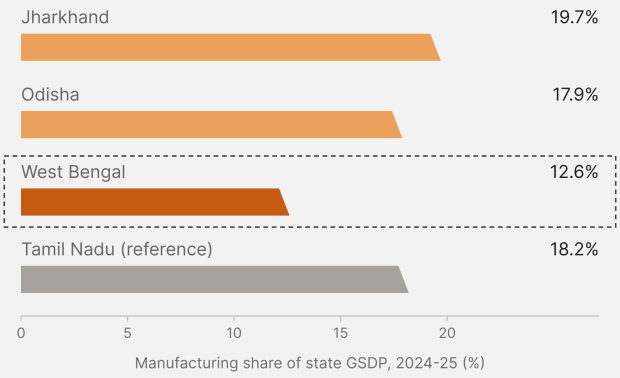
Within the state economies, however, manufacturing carries considerable weight. **The sector contributes nearly a fifth (19.7%) of Jharkhand's GSDP and 17.9% of Odisha's, comparable to the 18.2% share in Tamil Nadu,** one of India's most industrialised states. West Bengal's share is lower, at 12.6%[48].

A regional view

Grouping the states by region shows where India's manufacturing is concentrated (Table 5). The western region (Gujarat, Maharashtra and Goa) generates almost a third (30.7%) of the country's manufacturing value added, while the southern region produces 27.9% of manufacturing value added.

The eastern region (West Bengal, Odisha, Jharkhand and Bihar) together generates about ₹4.5 lakh crore of manufacturing value added in 2024-25, less than Maharashtra (₹5.4 lakh crore) on its own. Within the region, Odisha and Jharkhand punch above their economic weight (3.4% and 2.1% of national manufacturing value added, against GDP shares of 2.8% and 1.5%), while West Bengal falls short (5.1% against 5.6%) and Bihar has only a marginal manufacturing base (1.7% against 2.8%).

Figure: Manufacturing share of state GSDP, 2024-25



Source: Asian Development Bank. Tamil Nadu is shown for comparison.



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> Eastern India's manufacturing opportunity lies in moving beyond traditional resource-based and cost-driven industries towards higher-value production. The region has an established industrial base that can support this transition, but greater emphasis is needed on quality, technology and downstream manufacturing. Strengthening industrial clusters and integrating smaller enterprises into larger supply chains can help Eastern India develop a more competitive and diversified manufacturing ecosystem.

Table 5: Region-wise manufacturing intensity, 2023-24

Region	States included	Share of India's manufacturing GSVA	Share of India's GDP	Manufacturing intensity (ratio)
West	Gujarat*, Maharashtra, Goa	30.7%	21.7%	1.4
South	Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Kerala	27.9%	30.5%	0.9
North	Uttar Pradesh, Rajasthan, Haryana, Punjab, Delhi, Himachal Pradesh, Uttarakhand, J&K	22.7%	25.6%	0.9
East	West Bengal, Odisha, Jharkhand, Bihar	12.2%	12.7%	1.0
Of which: focus states	West Bengal, Odisha, Jharkhand	10.6%	9.9%	1.1

Source: RBI Handbook of Statistics on Indian States (GSVA from manufacturing, current prices); EAC-PM Working Paper 31/2024 (state shares of GDP). Shares of manufacturing GSVA are computed against the total of all reporting states and UTs. *Gujarat's latest reported figure is for 2022-23. Manufacturing intensity = share of manufacturing GSVA ÷ share of GDP; a value above 1 means manufacturing is more important to the region than to India as a whole. Central (Madhya Pradesh, Chhattisgarh) and North-Eastern states are not shown.

Specialization of Each State

Odisha: Metals, minerals, ports and new age industry

- Odisha accounted for **37.5% of the value of India's mineral output in February 2026**, more than a third of the national total, and hosts 54 integrated steel plants[49].
- With **annual steel capacity of close to 40 MT**[50], the state represents about one-fifth of India's steelmaking capacity[51], complemented by significant aluminum and ferro-alloy industries.
- Paradip Port has doubled its capacity, from 71 MT in 2015 to 150 MT in 2025[52].
- Eighty large projects worth ₹1.75 lakh crore are operational out of 244 approved[53], and two semiconductor units were sanctioned for the state in August 2025[54].

Where Odisha stands. Odisha has become the most industrially dynamic of the three eastern states. Beyond its **37.5% share of mineral output**, it holds about 59% of India's bauxite and 98% of its chromite reserves, and accounts for about a fifth of the country's steelmaking capacity and more than half (54%) of its aluminum smelting capacity. Industry contributes about 43% of the state's GSVA, and GSDP grew by an estimated 8.5% in 2023-24[55]. It is the **only eastern state rated an 'Achiever' in both BRAP 2020 and LEADS 2024** (Table 3.4), and it generates a larger share of India's manufacturing value added (3.4%) than of its GDP (2.8%) (Table 3.1).

What the state is doing to attract investment. Odisha has paired its resource base with an active and predictable investment-promotion regime:

- **Competitive general incentives.** The Industrial Policy Resolution 2022 offers capital investment subsidies of **20% to 30% for priority and thrust sectors**, electricity duty exemption for seven to ten years and reimbursement of employment-generation costs[80].
- **Policies targeted at new-age sectors.** The Odisha Semiconductor Manufacturing and Fabless Policy 2023 adds **25% capital support on top of the Centre's 50% under the India Semiconductor Mission, along with power-tariff reimbursement of ₹2 per unit for ten years**[81]. The State Data Centre Policy 2022 offers a 20% capital subsidy (up to ₹25 crore per unit), a ten-year electricity duty exemption and SGST reimbursement[82].
- **Investor outreach and fast clearances.** The Utkarsh Odisha - Make in Odisha Conclave 2025 **drew investment intentions of ₹16.73 lakh crore across 595 proposals in 20 sectors**, more than three times its ₹5 lakh crore target, and approvals are routed through the GO-SWIFT single-window portal[83].

Semiconductors and data centres. These efforts are now drawing high-technology investment at scale:

- In August 2025, the Union Cabinet approved two semiconductor units in Info Valley, Bhubaneswar: **SiCSem's ₹2,066 crore silicon carbide facility**, described as India's first commercial compound semiconductor fab, and 3D Glass Solutions' advanced packaging and glass-substrate unit[84].
- In September 2026, the state's High-Level Clearance Authority cleared about **₹1.45 lakh crore of data centre, AI and semiconductor projects, including a ₹1.04 lakh crore integrated data centre in Khordha,** an AI-optimised data centre by HCL Technologies (₹14,257 crore) and an AI data centre and global capability centre in Puri (₹22,634 crore), within a larger approval of 27 projects worth ₹2.47 lakh crore expected to create over 50,000 jobs[85].

Odisha's experience shows that a resource-based state can use policy predictability, sector-specific incentives and quick clearances to move beyond metals into higher-technology sectors, a lesson directly relevant to its eastern neighbours.

Jharkhand: The Mineral Base and the Push beyond it

- Jharkhand holds about two-fifths of India's mineral reserves, including more than a quarter of its coal and iron ore and nearly a fifth of its copper[56].
- The state hosts India's oldest integrated steel plant at Jamshedpur and the public-sector plant at Bokaro, and industry (manufacturing, construction and utilities) contributes about a third (34%) of its GSVA[57].
- A large share of its coal and ore is still processed outside the state, and per capita income crossed ₹1 lakh for the first time only in 2024-25 (₹1,16,663 at current prices)[58].



Where Jharkhand stands. Jharkhand holds **27.3% of India's coal reserves, 26% of its iron ore and 18.5% of its copper ore**[59]. Manufacturing makes up nearly a fifth of GSDP, and the state's share of national manufacturing value added (2.1%) is higher than its share of GDP (1.5%) (Table 3.1). GSDP grew by 7.02% in 2024-25, above the national rate of 6.5% and the fourth successive year of growth above 7%[60]. Yet the state is rated an 'Aspirer' in both BRAP 2020 and LEADS 2024 (Table 3.4), attracted only US$2.67 billion of FDI between October 2019 and March 2026, and exported just US$2.37 billion of goods in FY26, of which engineering goods made up 37.5%[61].

What the state is doing to attract investment. Jharkhand's investment push has so far centred on fiscal incentives and positioning its mineral base for new-age industries:

- **Incentive framework.** The Jharkhand Industrial and Investment Promotion Policy 2021 offers a **Comprehensive Project Investment Subsidy, including an interest subsidy of up to 5% for five years, full reimbursement of stamp duty and registration fees on the first plot transaction and special packages for projects above ₹50 crore,** with thrust on electronics, pharmaceuticals, textiles and tourism[62]. It is complemented by the Jharkhand Industrial Parks and Logistics Policy 2022[63].
- **Global outreach on critical minerals.** In January 2026, the **state took part in the World Economic Forum at Davos for the first time, pitching the Singhbhum mineral belt** (iron ore, copper, coal, bauxite and uranium) for green steel, battery materials and advanced alloys; a critical minerals centre has been set up at IIT (ISM) Dhanbad under the National Critical Minerals Mission[64].
- **Green steel.** The most significant new commitment is in advanced steelmaking: At Davos in January 2026, **Tata Steel signed a letter of intent and MoU with the state for more than ₹11,000 crore of investment in new-age green steel technologies at Jamshedpur**. This includes about ₹7,000 crore for HIsarna and EASyMelt ironmaking, with a commercial HIsarna plant of about 1 million tonnes a year planned by 2030, ₹1,500 crore for a combi mill and ₹2,600 crore for tinplate expansion[65].

Jharkhand's challenge is to convert mineral wealth into local value addition. Much of its coal and ore still leaves the state for processing, and attracting downstream and new-age manufacturing will depend on moving out of the 'Aspirer' category on business reforms and logistics.



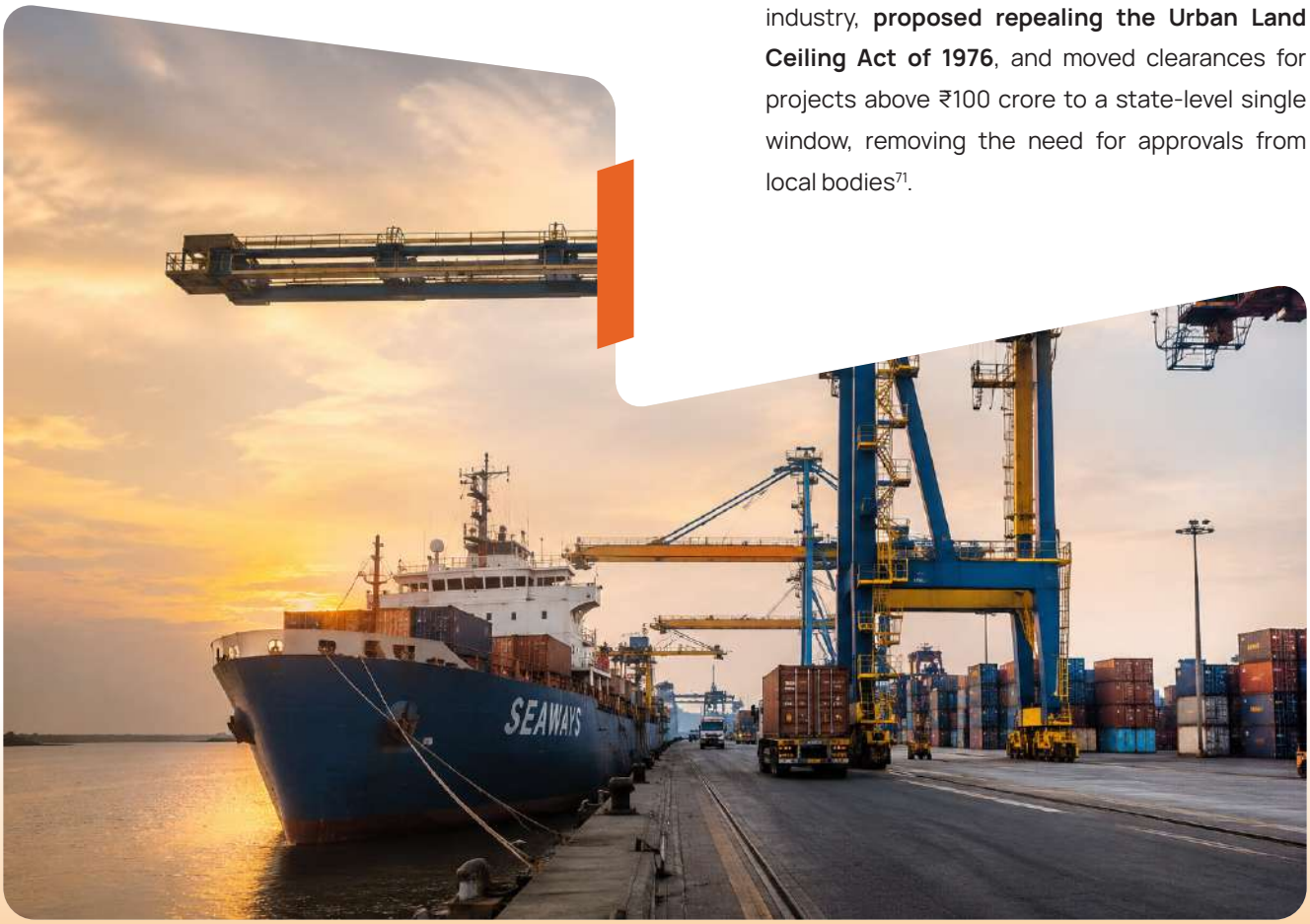
West Bengal: Downstream Industry and Market Access

- West Bengal has the most diversified industrial base of the three states**. Basic metals contribute just over a quarter (27%) of factory value added**, with petroleum products, food processing, chemicals and textiles accounting for much of the remainder[66].
- The state is **India's second-largest tea producer, retains established jute, leather and engineering clusters,** and is attracting fresh investment in petrochemicals and downstream steel[67].
- Kolkata and Haldia ports, together with road and rail connectivity to the North-East, Bangladesh, Nepal and Bhutan, provide market access that neither neighbouring state can match.

Where West Bengal stands. West Bengal is the **largest of the three eastern economies (5.6% of India's GDP) and has the most diversified industrial base. It produces about a quarter (25%) of India's tea[68] and over four-fifths (81-82%) of its raw jute[69]**, and employs about 12% of India's manufacturing workforce. However, its share of national manufacturing value added (5.1%) is below its share of GDP (5.6%) (Table 3.1), **it is rated an 'Aspirer' in both BRAP 2020 and LEADS 2024** (Table 3.4), and between October 2019 and March 2026 it attracted only US$2.14 billion of FDI. Its FY26 merchandise exports of US$12.9 billion were led by engineering goods and gems and jewellery[70].

What the state is doing to attract investment. The state government formed after the 2026 assembly elections has made industrial revival a stated priority and has begun to overhaul land and investment rules:

- **Land reform.** In July 2026, the state announced that it would buy land directly and allot it to industry, **proposed repealing the Urban Land Ceiling Act of 1976**, and moved clearances for projects above ₹100 crore to a state-level single window, removing the need for approvals from local bodies[71].



- **Incentives and investor confidence.** The government has said incentives will be linked to the number of jobs created rather than investment size alone, ruled out forcible land acquisition and pledged action against extortion at industrial sites[72]. **A new industrial policy covering land allocation, incentives and power tariffs is being finalised, with the stated aim of making West Bengal a leading investment destination** within a year[73].

Recent investments in steel, petrochemicals, ports, logistics and data centres. Early commitments span both traditional and new-age sectors:

- Shyam Steel laid the foundation in July 2026 for an integrated steel plant expansion of about **₹15,000 crore at Mejia, Bankura[74]**, and Haldia Petrochemicals has commissioned a ₹6,000 crore phenol and acetone plant, with a further ₹10,000 crore in the pipeline[75].
- The planned deep-sea port has been moved from Tajpur to a 1,700-acre state-owned site at Dadanpatrabar in Purba Medinipur, with an estimated investment of ₹15,000 crore and the Centre's consent for a no-objection certificate[76].
- Flipkart now runs its **largest fulfilment centre in India at Haringhata**, and says it supports more than 1.2 lakh direct and indirect jobs across the state[77].
- **New Town in Kolkata is emerging as eastern India's data centre hub**: NTT has a 40 MW campus in the Bengal Silicon Valley Tech Hub[78], and L&T plans more than ₹4,500 crore of investment, including a ₹2,500 crore IT park and a 13 MW Tier-III data centre of about ₹2,000 crore[79].

These are early signals. The test will be whether the new land and industrial policies translate into sustained, large-scale manufacturing investment that lifts West Bengal out of the 'Aspirer' category.



Rahul Sharma
Chief Executive Officer
Cortex Data Center
(The Chatterjee Group)

India's rapidly expanding data centre ecosystem presents a significant opportunity to develop a strong domestic manufacturing base for critical data centre equipment and components. With increasing investments from global and domestic players, India can move beyond being a consumer of such technologies to becoming a major manufacturing and export hub.

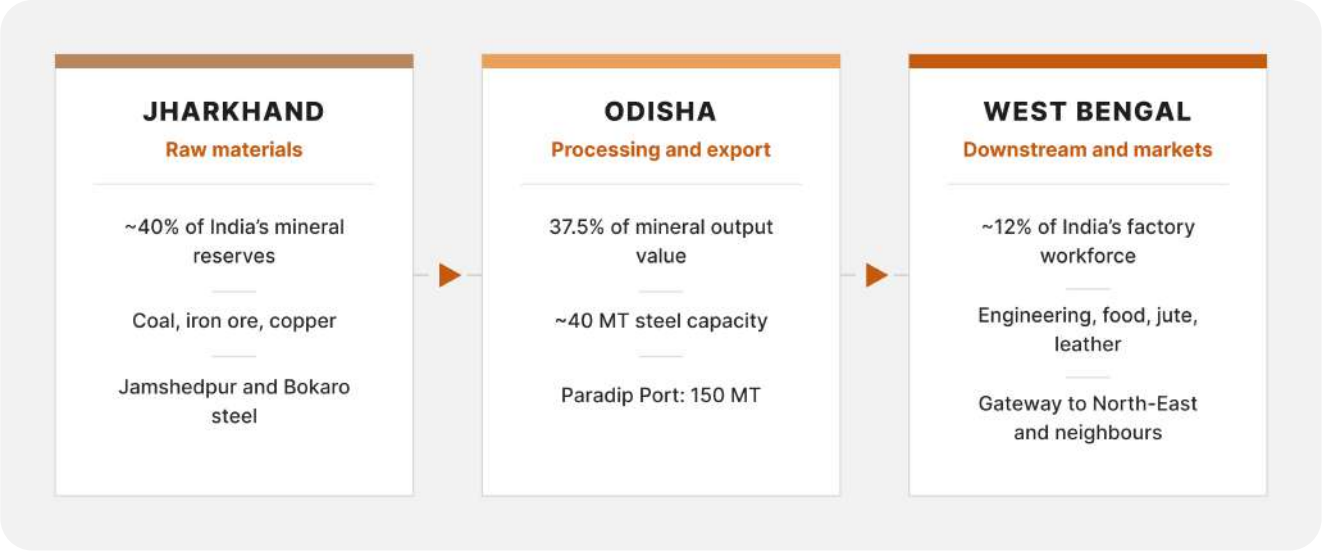
Eastern India, with its strategic location, industrial capabilities and access to regional markets, is well-positioned to emerge as a key centre for data centre infrastructure and component manufacturing. Focused policies, reliable infrastructure and stronger industry partnerships can help unlock this potential.

How the Three States Complement One Another

Viewed together, **the three states function less as competitors than as successive stages of an integrated value chain. Jharkhand supplies coal, iron ore and copper. Odisha converts these inputs into steel and aluminum and exports through Paradip.**

West Bengal provides the engineering base, the network of small suppliers and the consumer markets that absorb these metals, as well as trade corridors to the North-East and neighboring countries.

Figure: The eastern zone value chain



Source: IBEF; Ministry of Steel; Ideas for India[88].

At present, however, **value flows largely in one direction. Ore and primary metals leave the region, and the finished goods derived from them are frequently manufactured in western and southern India. A substantially larger share of downstream activity could be captured locally, for instance by locating auto component, fabrication and capital goods units near the steel plants of Odisha and Jharkhand, with West Bengal's MSMEs integrated as suppliers**. Central policy has begun to support this objective. The Purvodaya plan, announced in the 2024-25 Union Budget, covers all three states and includes an industrial node at Gaya on the Amritsar-Kolkata corridor[86], while an ADB-supported industrial corridor programme is under way in West Bengal[87].

The Competitive Divide: How the East Compares with India's Leading Industrial States

Gujarat, Maharashtra, Andhra Pradesh and Tamil Nadu provide instructive benchmarks, as each has developed a strong manufacturing base through a distinct strategy: Gujarat through port-led industrialization, Maharashtra through diversification, Andhra Pradesh through dedicated industrial parks, and Tamil Nadu through a dense network of diversified manufacturing clusters. Table 6 compares the seven states on key economic indicators.

Table 6: Eastern states and benchmark states

STATE	SHARE OF INDIA'S LAND AREA	SHARE OF INDIA'S GDP	PER CAPITA INCOME (INDIA = 100)
01 Maharashtra	9.3%	13.3%	151
02 Gujarat	5.9%	8.1%*	161*
03 Andhra Pradesh	4.9%	4.7%	132
04 Tamil Nadu	3.9%	8.9%	171
05 West Bengal	2.7%	5.6%	84
06 Odisha	4.7%	2.8%	89
07 Jharkhand	2.4%	1.5%	57

Source: EAC-PM (2023-24); IBEF[90]; Gujarat exports from DGFT data[91]. *2022-23.

A comparison of geographical area, GDP contribution and per capita income reveals a clear divergence between the eastern states and India's leading industrial economies. **West Bengal contributes 5.6% of national GDP despite accounting for just 2.7% of India's land area, but its per capita income remains below the national average. Odisha and Jharkhand, by contrast, contribute a smaller share of national GDP than their respective shares of geographical area, while also recording below-average per capita incomes.** It is to be highlighted however that Odisha's per capita income rose from 54% of the national average in 1990-91 to 89% in 2023-24, closing approximately three-quarters of the gap and surpassing West Bengal[89].Leading industrial states such as Maharashtra, Gujarat and Tamil Nadu however generate a disproportionately high share of national output and record above-average per capita incomes. The comparison underscores the challenge facing eastern India: strengthening the conversion of its geographical, resource and industrial advantages into higher-value economic activity, productivity and income growth

Table 7: Merchandise exports of major coastal states, FY26

STATE	EXPORTS, FY26 (US$ BN)	SHARE OF INDIA'S MERCHANDISE EXPORTS	SHARE OF INDIA'S GDP	EXPORT INTENSITY (RATIO)
01 Gujarat	110.6	25.0%	8.1%*	3.1
02 Maharashtra	70.1	15.9%	13.3%	1.2
03 Tamil Nadu	59.3	13.4%	8.9%	1.5
04 Karnataka	34.4	7.8%	8.2%	1.0
05 Andhra Pradesh	18.1	4.1%	4.7%	0.9
06 West Bengal	12.9	2.9%	5.6%	0.5
07 Odisha	10.8	2.4%	2.8%	0.9
08 Jharkhand (landlocked)	2.4	0.5%	1.5%	0.4

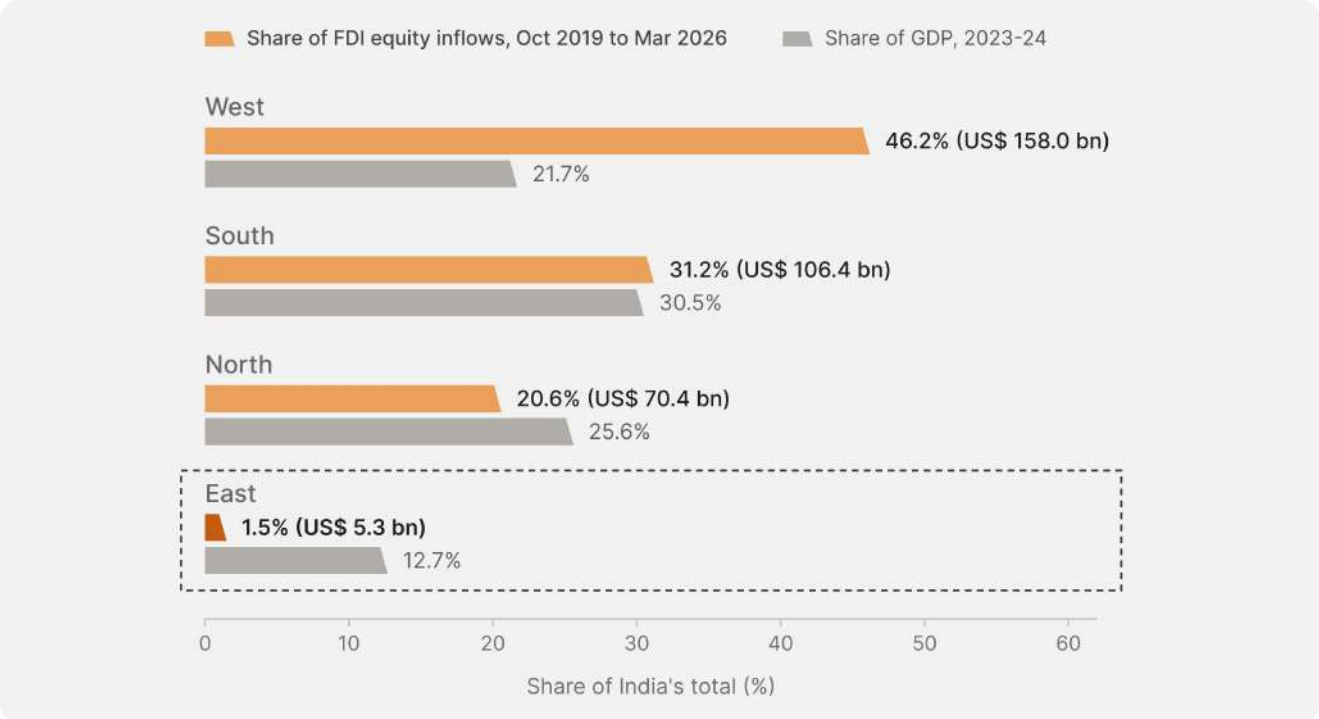
Source: IBEF state profiles (FY26); Gujarat: DGFT data via India Shipping News; Karnataka: Commerce Ministry data via DT Next; GDP shares from EAC-PM (2023-24; *Gujarat 2022-23). India's merchandise exports in FY26: $441.8 billion. Export intensity = share of India's exports ÷ share of India's GDP. Jharkhand is shown for completeness.

Merchandise exports bring out the gap most sharply (Table 7). Three coastal states**, Gujarat, Maharashtra and Tamil Nadu, together account for more than half (54%) of India's merchandise exports. West Bengal and Odisha, despite major port systems at Kolkata-Haldia and Paradip-Dhamra, together contribute just 5.4%,** and the three eastern states combined export about $26 billion, less than a quarter of Gujarat's exports and less than half of Tamil Nadu's[93].

Measured against economic size, the gap is starker still. **Gujarat's share of national exports is about three times its share of GDP, and Tamil Nadu's about one-and-a-half times. West Bengal's is only about half, the lowest of any major coastal state.** Odisha's ratio is closer to parity, similar to Andhra Pradesh's, but its export basket is dominated by iron ore, coal, engineering goods and petroleum products rather than higher-value manufactures[94]. For a region with two major port systems and direct access to the markets of the North-East, Bangladesh, Nepal and Bhutan, this is the clearest sign of how weakly the East is integrated into global value chains.

A regional view of FDI: The regional picture is even more lopsided (Figure 3.4). Between October 2019 and March 2026, the western region attracted US$158 billion, or 46% of India's FDI equity inflows, more than twice its 21.7% share of GDP. The southern region drew US$106 billion (31%), broadly in line with its economic weight, and the northern region US$70 billion (21%), somewhat below it. The eastern region, which accounts for 12.7% of GDP, received just US$5.3 billion, or 1.5% of the national total. That is less than one-thirteenth of what Karnataka alone attracted (US$70.6 billion) over the same period[95]. Although registered office reporting may inflate the figures for Maharashtra, Delhi and Karnataka, it does not adequately explain the scale of the eastern region's underrepresentation in FDI inflows

Figure 3.4: Cumulative FDI inflows by region, Oct 2019 to Mar 2026: share of India's FDI versus share of GDP (%)



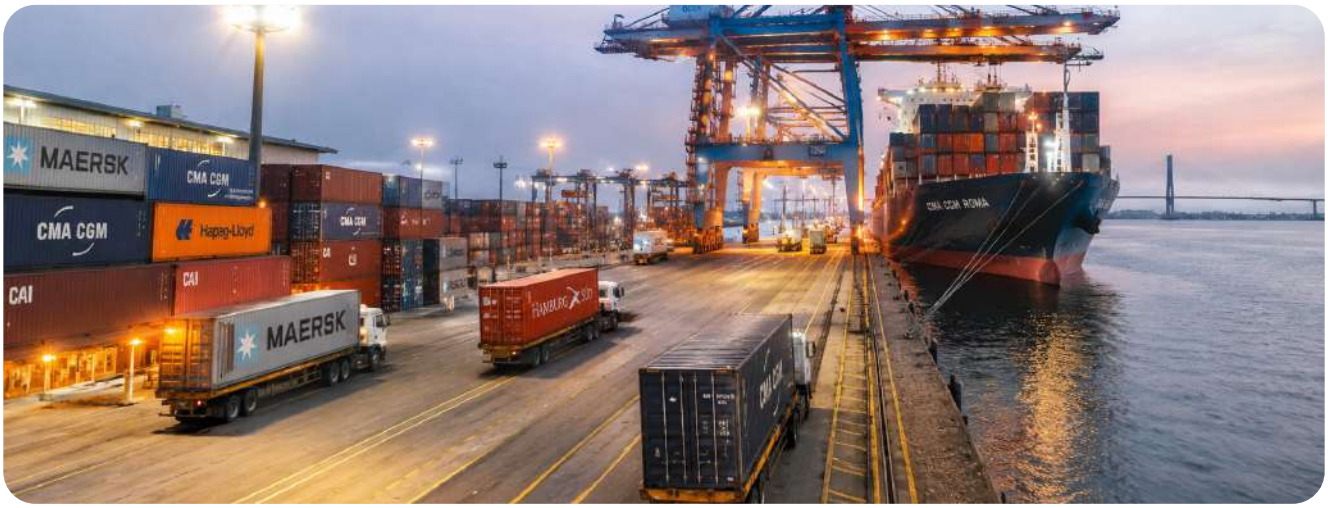
Source: DPIIT, FDI Factsheet (state-wise FDI equity inflows, October 2019 to March 2026)92. Regions as defined in Table 3.1: West = Gujarat, Maharashtra, Goa; South = Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Kerala; North = Delhi, Haryana, Uttar Pradesh, Rajasthan, Punjab, Himachal Pradesh, Uttarakhand, J&K; East = West Bengal, Odisha, Jharkhand, Bihar. The remaining 0.4% went to central and north-eastern states and UTs. FDI shares are of India's total FDI equity inflows of US$341.6 billion over the period; GDP shares are from EAC-PM Working Paper 31/2024 (2023-24; Gujarat 2022-23).

Investor location decisions help explain this gap. Companies evaluating sites typically weigh two operational considerations: the speed and predictability of regulatory approvals, and the cost and reliability of logistics. Two national rankings assess precisely these dimensions. DPIIT's Business Reform Action Plan (BRAP) evaluates states on the implementation of business reforms, while the Commerce Ministry's LEADS report assesses logistics performance. Gujarat, Andhra Pradesh and Tamil Nadu lead on both measures, and Odisha has been recognised as an achiever. West Bengal and Jharkhand, however, remain in the aspirer category

Table 8: State rankings on business reforms and logistics

STATE Reforms & Logistics Benchmarks	BRAP 2020 Business Reforms Action Plan	LEADS 2024 Logistics Ease Across Different States
01 **Gujarat**	**Top achiever**	Achiever
02 **Andhra Pradesh**	**Top achiever**	Fast mover
03 **Tamil Nadu**	**Top achiever**	Achiever
04 **Maharashtra**	Achiever	Achiever
05 **Odisha**	Achiever	Achiever
06 **West Bengal**	**Aspirer**	**Aspirer**

Source: DPIIT BRAP 2020 (released June 2022); Ministry of Commerce and Industry, LEADS 2024.



Companies evaluating sites typically weigh two operational considerations: the speed and predictability of regulatory approvals, and the cost and reliability of logistics. Two national rankings assess precisely these dimensions. DPIIT's Business Reform Action Plan (BRAP) evaluates states on the implementation of business reforms, while the Commerce Ministry's LEADS report assesses logistics performance. Gujarat, Andhra Pradesh and Tamil Nadu lead on both measures, and Odisha has been recognised as an achiever. West Bengal and Jharkhand, however, remain in the aspirer category[9697].

What the East Can Learn from the Leading States

- **Gujarat: port-led industrialisation.** Gujarat developed chemical and petrochemical clusters alongside its 42 ports and now accounts for almost half (46%) of India's chemical exports[98]. Odisha's ports at Paradip, Dhamra and Gopalpur provide a comparable foundation.
- **Maharashtra: sectoral diversification.** Maharashtra leads India in factory value added on the strength of a base spanning automobiles, pharmaceuticals, engineering and chemicals[99]. The eastern states, by contrast, remain heavily concentrated in metals.
- **Andhra Pradesh: dedicated parks for emerging sectors.** Andhra Pradesh has attracted new industries through focused parks such as the 2,001-acre Nakkapalli bulk drug park[100], and secured a semiconductor unit in 2025[101].
- **Tamil Nadu: a dense, diversified cluster base.** Tamil Nadu has the largest number of factories of any state (41,221 in 2024-25)[102], spread across automobile and component, electronics and textile clusters. It accounted for about a third (33.6%) of India's textile exports in FY26[103], and its merchandise exports grew by 13.7% that year, the fastest of any major state, driven largely by electronics[104]. West Bengal's large MSME and engineering base offers a comparable foundation for cluster-led growth.

The eastern zone does not need to create new advantages; it needs to leverage those it already possesses. Few regions combine comparable mineral resources, deep-water ports, an experienced industrial workforce and an expanding steel base. Odisha has demonstrated what consistent reform and sustained investment can achieve within a single generation. If West Bengal and Jharkhand accelerate approvals, reduce logistics costs and plan their industrial corridors as components of a single regional value chain, the East can re-emerge as one of the principal engines of Indian manufacturing, a position it held six decades ago. Chapter 4 examines West Bengal's role in this revival in greater detail.



04 A Deep Dive into West Bengal's Industrial Ecosystem



West Bengal's industrial geography grew from the connection between agricultural production, access to coal and minerals, and Kolkata's port and trading networks. Jute mills developed along the Hooghly, beginning with India's first jute mill at Rishra in 1855,[105] while Howrah became a centre for foundries, machinery and engineering.[106] Further west, coal mining around Raniganj and steel and engineering activity around Asansol and Durgapur formed another industrial belt. After independence, the Durgapur Steel Plant, established in 1959, strengthened this concentration. Haldia subsequently developed around its refinery, commissioned in 1975,[107] and industrial park, established in 1977.[108] Together, these facilities attracted workers, suppliers and related businesses, shaping clusters that remain central to the state's industrial landscape.

However, West Bengal's relative industrial decline began around the mid-1960s. Freight equalization reduced the advantage of proximity to mineral-producing regions, while political and labor unrest in the late 1960s and 1970s disrupted production and increased uncertainty. At the same time, established industries such as jute faced changing market conditions due to advent of synthetic materials, and investment increasingly shifted to other parts of the country. Agricultural development and the expansion of services subsequently changed the structure of the state economy, while manufacturing did not regain its earlier prominence. Thus, a state once known for its engineering industries, jute mills, port economy and commercial networks gradually ceded ground to states like Gujarat, Maharashtra and Andhra Pradesh.



Anurag Singh
COO Primus Global Capability Hub

> West Bengal has a strong industrial heritage and considerable potential to attract new manufacturing investments. However, investors today place significant emphasis on the speed and predictability of project implementation. Strengthening industrial infrastructure, simplifying approval processes and ensuring effective coordination across government departments can help the State translate its industrial strengths into new manufacturing capacity and employment opportunities.

Against this background, the following ten takeaways describe West Bengal's current economic scale, industrial performance, investment inflows and export activity.

Ten key takeaways from West Bengal's economy

1. A Large State Economy, Yet Industry Plays a Limited Role

West Bengal is India's sixth-largest state economy[109], with projected GSDP of ₹21.48 lakh crore in 2026–27.[110] However, industry accounts for an estimated 22% of the state economy, compared with 59% for services[111], highlighting the relatively modest role of industry in its economic structure.

2. Manufacturing Is Growing, but Momentum Has Moderated

Manufacturing growth declined from 10.4% in 2023–24 to 8.1% in 2024–25. [112]While growth remains positive, sustaining and accelerating industrial expansion is important to strengthening manufacturing's contribution to the state economy.

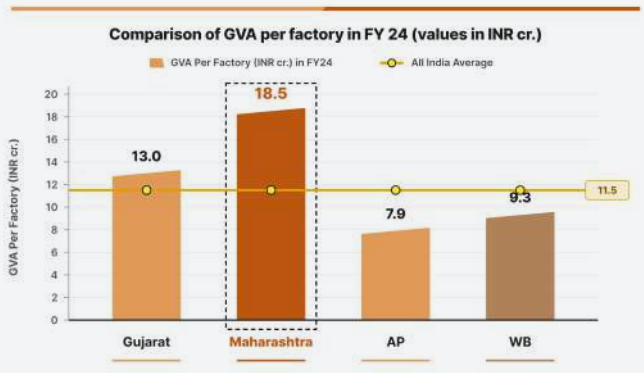
3. West Bengal's Export Contribution Is Disproportionately Low Relative to Its Economic Size

Coastal manufacturing states such as Gujarat and Tamil Nadu contribute approximately 3.1 times and 1.5 times their respective shares of national GDP to India's merchandise exports, while Maharashtra's export contribution is around 1.2 times its GDP share. In contrast, West Bengal contributes just 2.9% of India's merchandise exports despite accounting for 5.6% of national GDP—an export-to-GDP-share ratio of only 0.5. In other words, its share of national merchandise exports is roughly half what its share of national GDP would suggest. This points to an opportunity to strengthen West Bengal's export orientation and translate its existing economic and industrial base into greater participation in international markets.[113]

4. Factory-Level Value Creation Remains Below the National Average

West Bengal generated ₹9.41 crore in gross value added (GVA) per operating factory in 2023–24, around 18.5% below the national average of ₹11.54 crore. This indicates scope to improve the scale and value generated by its factory base.[114]

Figure: Gross Value Added per operating factory in 2023–24 (₹ crore) as per Annual Survey of Industries



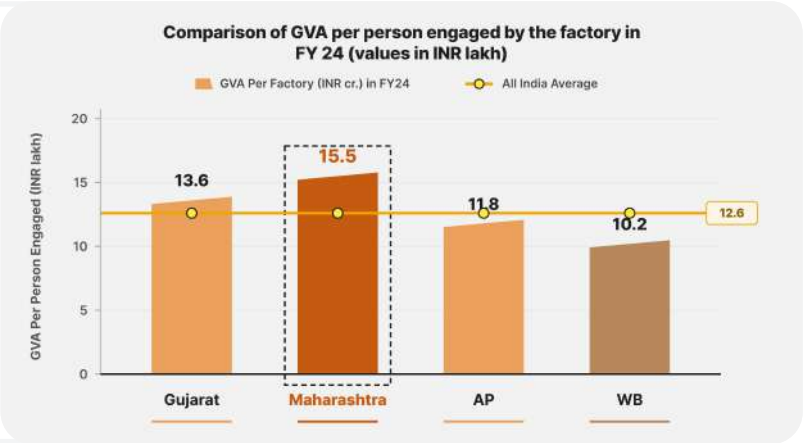
Source: Author's calculations based on MoSPI, Annual Survey of Industries 2023–24, Summary Results115

5. Lower Value Added per Worker Points to a Productivity Gap

GVA per person engaged stood at ₹10.22 lakh, against ₹12.55 lakh nationally. The approximately 18.5% gap suggests that raising productivity and moving towards higher-value manufacturing are important priorities for West Bengal's industrial ecosystem[116]

Figure: Gross Value Added per person in 2023–24 (₹ lakhs) as per Annual Survey of Industries

Source: Author's calculations based on Mo-SPI, Annual Survey of Industries 2023–24, Summary Results120

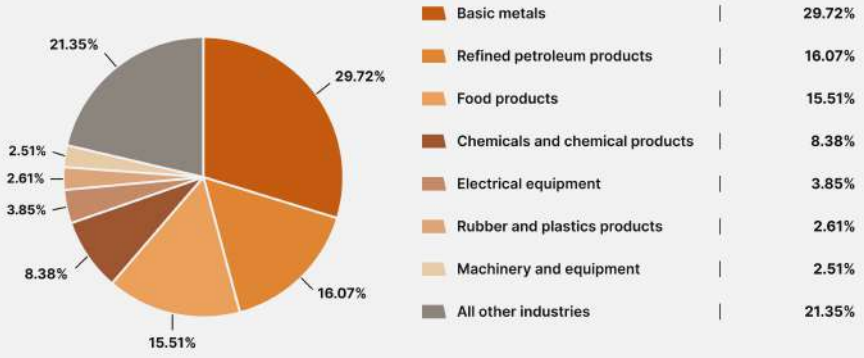


6. A Concentrated Industrial Base, with Opportunities to Deepen Value Chains

Seven major industry groups account for 78.65% of factory output, with basic metals alone contributing 29.72%, followed by refined petroleum products at 16.07% and food products at 15.51%. This provides a substantial established base, while creating an opportunity to expand downstream industries, supplier networks and higher-value production.

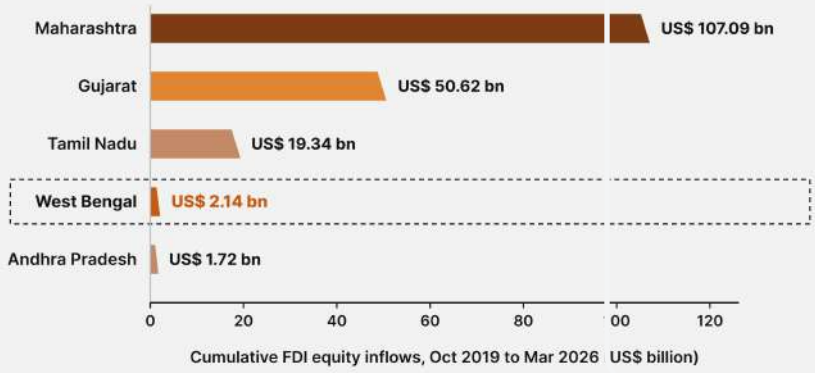
Figure. Share of major industry groups in West Bengal's Factory Output in 2023–24 (%)

Source: Author's analysis based on Annual Survey of Industries 2023–24, Summary Results.[121]



7. West Bengal Captures a Small Share of National FDI Equity Inflows

Between October 2019 and December 2024, West Bengal accounted for just 0.66% of India's FDI equity inflows, compared with 31.36% for Maharashtra and 16.37% for Gujarat. Attracting a larger share of investment could help expand industrial capacity and bring new technologies and production capabilities into the state.



Source: DPIIT data via IBEF state profiles. Tamil Nadu added for comparison (chart updated).

8. Merchandise Exports Are Recovering, but West Bengal's National Share Remains Small

The state's share of India's merchandise exports increased from 2.68% in 2023–24 to 2.92% in 2025–26. However, this remains well below Gujarat's 25.04% and Maharashtra's 15.82%, underscoring the opportunity to deepen export-oriented manufacturing and improve integration with global markets.



Rakesh Swami
Group President & Head - Corporate Affairs
Godrej Industries

India's next phase of manufacturing growth must move beyond assembly towards deeper domestic value addition, from FMCG, food processing and agrochemicals to specialty chemicals, high-value goods and engineering. West Bengal, with its farm base, industrial heritage, skilled talent and port-led connectivity, is well placed to lead this shift. It will take sustained investment in industry-led R&D, an India-rooted raw material and component ecosystem, and world-class quality standards. It will also take inclusion: higher farmer incomes through agri-value chains, wider access to finance for every enterprise and family, and well-planned real estate and urban development that gives industry and people the infrastructure and homes to grow. Godrej Industries Group is committed to partnering with the Government of West Bengal to turn this potential into jobs, prosperity and a self-reliant, globally competitive manufacturing base.



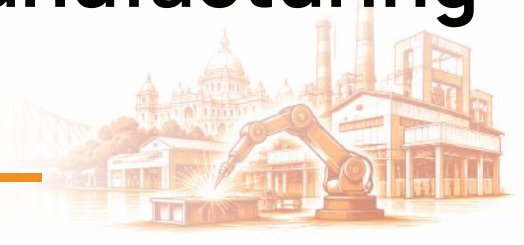
9. A Diverse Export Basket, but Significant Concentration in a Few Products

Merchandise exports recovered to US$12.67 billion in 2024–25, growing by approximately 8.4% over 2023–24. Yet the ten largest commodity categories accounted for 61.26% of exports.[117] Building on established strengths in jewellery, iron and steel, leather goods and other products while diversifying into new manufacturing categories could broaden the export base.

10. Strong Regional Trade Links Offer a Platform for Broader Export Expansion

The UAE and Bangladesh accounted for 16.26% and 13.58% of West Bengal's exports, respectively.[118] These established markets offer a platform for further expansion, although the state's 12th-place ranking among large states in the Export Preparedness Index 2024 suggests there is scope to strengthen the wider export ecosystem.[119]

05 Analyzing Key Strengths, Weaknesses, Opportunities and Threats for Manufacturing in West Bengal



Strengths

- Coal, iron ore and jute available close by, lowering input and transport costs
- Established steel, refining and chemicals base that supplies inputs to local manufacturers
- Largest manufacturing workforce in India at low wages, suited to labour-intensive industries
- Large MSME base that can supply components and services to large manufacturers
- Existing defence manufacturers providing a base for further investment and supplier development
- Engineering and research institutions that can support testing and technology transfer
- Ports and transport links serving eastern India and nearby export markets

S

Weaknesses

- Few organized sector units
- Steel and chemicals leave the State largely as intermediate products, so value is added elsewhere
- Most MSMEs are micro units with low productivity, limiting their ability to supply large buyers
- Limited participation in merchandise exports
- Low patenting and startup activity, limiting the move to higher-value products
- Little land ready for immediate use, especially near Kolkata
- Concerns over labour relations, and Labour Code rules not yet framed
- Outdated industrial policy and no dedicated policies for key sectors
- Incentive schemes lapsed or withdrawn, and limited fiscal room for new support
- Compliance burden reduced less than in leading States
- Too few ITI seats for the size of the manufacturing workforce
- Little renewable power for manufacturers serving export markets
- No deep-sea port or dedicated freight corridor, raising costs for bulk industries

W

Opportunities

O

- Defence manufacturing, shipbuilding and allied engineering
- Growth in apparel, footwear, leather and food processing, using the State's workforce
- Haldia's new phenol plant can anchor a downstream chemicals cluster
- Downstream engineering and higher-value metal products built on the State's steel and foundry industries
- Gas pipeline, waterway terminal and Raghunathpur corridor park easing infrastructure gaps
- New industrial policy provides scope to improve investment conditions

T

Threats

- Competition from established manufacturing States
- Further curbs on trade with Bangladesh would affect cross-border business through the State
- Cheap steel imports could return once the safeguard duty expires
- EU carbon-border requirements for relevant export products

Strengths

Access to Raw Materials: Proximity to raw materials reduces input costs and supply risks for resource-based industries. West Bengal holds about 34,386 million tonnes of coal resources, approximately 8.6% of the national total, concentrated largely in the Raniganj coalfield,[122] while the neighbouring States of Odisha and Jharkhand together account for about 59% of India's haematite iron ore resources.[123] The State also has a substantial agricultural resource base, including the largest share of raw jute cultivation in the country and 89 of India's 120 composite jute mills.[124] This resource base gives the State a cost advantage in attracting resource-intensive investment, such as steel, sponge iron and jute products, in which raw materials account for a large share of production costs.

Established Industrial Base: An established industrial base allows new investors to draw on existing suppliers, skills and services. West Bengal has a long-standing base in metals, chemicals and engineering. Basic metals (iron, steel and non-ferrous metals), coke and refined petroleum products, and chemicals together accounted for about 46% of the State's manufacturing value added in FY 2022–23, with basic metals alone contributing 27%.[125] The steel plants at Durgapur and Burnpur, the foundries and machine shops of Howrah and the refinery and petrochemical complex at Haldia are located within easy reach of one another in the south of the State, and Haldia Petrochemicals inaugurated phenol and acetone plants, built at a cost of about ₹6,000 crore, in October 2026.[126] This concentration positions the State particularly well for engineering and plastics units that would convert locally produced steel and petrochemicals into higher-value products, such as castings, forgings, fabricated structures and moulded components.

Large Workforce at Competitive Cost: The availability of labour at competitive cost remains a key consideration for labour-intensive manufacturing. West Bengal has the largest manufacturing workforce in India, accounting for about 12% of national manufacturing employment, ahead of Uttar Pradesh and Maharashtra at 11% each, and women constitute about 40% of this workforce. Wages are also among the lowest in the country. In 2025, a hired worker in the State's informal manufacturing enterprises, that is, small, unregistered units, earned an average of about ₹1.14 lakh a year, compared with a national average of ₹1.41 lakh and with ₹1.58 lakh and ₹1.61 lakh in Gujarat and Tamil Nadu respectively, the lowest among the major States studied.[127] The State can therefore offer industries such as apparel, leather goods and food processing a large supply of workers at competitive cost.



Broad MSME Base: A large base of micro, small and medium enterprises (MSMEs) can provide the supplier networks on which larger manufacturers depend. West Bengal has one of the largest MSME sectors in India, with the State Government reporting about 89 lakh enterprises employing about 1.36 crore persons across 589 clusters in textiles, leather, light engineering, food processing and handicrafts, supported by bank credit of about ₹1.45 lakh crore in FY 2023–24.[128] The State also accounts for about 15% of all informal manufacturing enterprises in India.[129] Several of its leading exports originate in sectors dominated by small units, with gold jewellery accounting for 14.1% of the State's exports in FY 2024–25, leather goods for 4.9% and human hair products for 4.8%.[130] Dedicated infrastructure supports some of these clusters, such as the Gems and Jewellery Park at Ankurhati in Howrah.[131] The State can therefore offer prospective anchor investors a ready base of potential suppliers which, with targeted upgrading, could be developed into dedicated vendor networks around large projects.

Defence Production Base: An existing base of defence producers gives the State an advantage in a sector where domestic demand is expanding. GRSE, a defence public sector undertaking, builds warships for the Indian Navy in Kolkata. Advanced Weapons and Equipment India Limited, one of the companies formed in 2021 from the former Ordnance Factory Board, operates two units in the State, the Gun and Shell Factory at Cossipore and the Rifle Factory at Ishapore.[132] The Metal and Steel Factory at Ishapore, a unit of YIL, manufactures heavy forgings and is expanding into super-alloy forgings, aerial bomb tubes and railway axles.[133] In the private sector, Kolkata-based Titagarh Rail Systems holds a defence industrial licence and supplies shelters and Bailey bridges to the armed forces.[134] Together, these producers procure hull blocks, outfitting, steel, machined components and fabricated structures. More than 200 MSMEs from across India participated in the construction of three recent GRSE vessels,[135] indicating the scale of the procurement opportunity available to suppliers.

Engineering and Research Institutions: Access to engineering talent and research capabilities supports technology adoption and product development. West Bengal has a strong base of engineering and research institutions, with IIT Kharagpur, IIEST Shibpur, NIT Durgapur and Jadavpur University supplying engineering graduates and research capacity. The Council of Scientific and Industrial Research (CSIR) also operates two industry-oriented laboratories in the State, the Central Mechanical Engineering Research Institute at Durgapur and the Central Glass and Ceramic Research Institute at Kolkata.[136] These institutions are well placed to provide testing and technology transfer services that few small manufacturers can afford to maintain independently. Partnerships with them could also help the State build specialised capabilities in mechanical engineering, and in glass and ceramics, which are directly relevant to its defence, steel and process industries.

Gateway Location: Location determines the cost and speed with which manufacturers can reach their markets. West Bengal serves as the principal gateway between India's eastern markets and its neighbouring countries. The ports of Kolkata and Haldia, both administered by Syama Prasad Mookerjee Port, serve a hinterland across eastern India and handled 70.87 million tonnes of cargo in FY 2025–26.[137] Overland, the State provides the main route to Bangladesh and, through the Siliguri corridor, to Nepal, Bhutan and the North-East, and India's exports to Bangladesh alone amounted to USD 10.56 billion in FY 2025–26.[138] Haldia is also located at the eastern end of National Waterway 1, the inland waterway along the Ganga, Bhagirathi and Hooghly that connects the State with Bihar, Jharkhand and Uttar Pradesh.[139] This positions West Bengal as a natural production base for companies seeking to serve both domestic demand in the eastern region and cross-border demand in neighbouring countries from a single location, with a choice of sea, inland waterway, road and rail.

Weaknesses

Small Organised Factory Sector: The depth of a State's organised factory sector influences its ability to attract further investment, since investors tend to favour locations with an established base of factories, suppliers and service providers. West Bengal's large manufacturing workforce has not been matched by a correspondingly large organised factory sector. In the Annual Survey of Industries (ASI) 2023–24, the official survey of registered factories, the State accounted for about 4% of national factory employment, compared with 13% to 15% each for Gujarat, Maharashtra and Tamil Nadu, and only about 8% of its own manufacturing workers were employed in organised factories, that is, registered units subject to formal labour and accounting rules.[140] The State had 8,416 factories in operation,[141] whereas Tamil Nadu alone accounted for 15.4% of India's 2.6 lakh factories, or about 40,000 units.[142] Foreign direct investment (FDI) equity inflows into the State across all sectors amounted to USD 2.23 billion between October 2019 and June 2026, compared with USD 51.92 billion for Gujarat.[143] The limited depth of this base can place the State at a disadvantage in competing for new manufacturing investment.

Limited Downstream Value Addition: Industrial economies capture greater value and employment when primary and intermediate products are converted into finished goods locally. West Bengal produces large volumes of primary and intermediate products, such as steel, refined petroleum products and chemicals, but converts relatively little of this output into finished goods within the State. Basic metals alone accounted for 27% of its manufacturing value added in FY 2022–23, whereas engineering industries that manufacture finished products, such as machinery and motor vehicles, do not feature among its eight largest manufacturing industries, the smallest of which accounts for 3%.[144] The same pattern is evident in exports, with iron and steel accounting for 11.2% of the State's exports in FY 2024–25, compared with 7.1% for products of iron and steel.[145] The Asian Development Bank (ADB) identifies the limited production of finished goods as one of the gaps that constrain the State's progression towards higher value-added exports.[146] As a result, much of the additional value and employment generated when steel and chemicals are converted into machinery, vehicles, equipment and consumer products is likely to be realised outside the State. Attracting manufacturers of finished engineering and chemical products is therefore one of the most direct routes available to the State for raising value addition and employment.





Predominance of Micro Enterprises with Low Productivity: The productivity of MSMEs determines how effectively they can serve as suppliers to larger manufacturers. Although West Bengal's MSME sector is large, it consists mainly of very small units with low productivity. About 98% of MSMEs in the State are micro enterprises.[147] In 2023–24, gross value added per worker in the State's unincorporated enterprises, that is, small unregistered businesses, was ₹68,315, compared with a national average of ₹1,12,869, while value added per enterprise, at ₹98,467, was about half the national average of ₹1,88,789.[148] The ADB also notes that MSMEs in the State face bottlenecks in accessing affordable and timely finance.[149] Enterprises of this size often find it difficult to invest in modern machinery and quality systems, which limits their ability to become suppliers to large manufacturers. Since MSMEs generate about 43% of the State's manufacturing value added,[150] raising their scale and productivity would lift the performance of the manufacturing sector as a whole.

Low Export Orientation: Export markets expose manufacturers to larger volumes and more demanding quality standards and are therefore an important driver of industrial upgrading. West Bengal's manufacturers remain weakly integrated with these markets. The State's merchandise exports amounted to about USD 12.7 billion in FY 2024–25,[151] approximately 2.9% of India's total of USD 437.42 billion,[152] whereas Gujarat, Maharashtra and Tamil Nadu together account for about 56% of national exports.[153] In NITI Aayog's Export Preparedness Index 2024, which assesses States on export policy, business environment, infrastructure and export performance, West Bengal ranked twelfth among large States, while Maharashtra, Tamil Nadu and Gujarat occupied the first three positions.[154] The State's export basket is also concentrated, with the ten leading products accounting for 61.3% of the total.[155] The difference between the State's share of manufacturing employment and its share of national merchandise exports points to scope for expanding export-oriented production. Export growth will also require more firms to meet buyers' quality, scale and certification requirements. Other States have established dedicated mechanisms to connect small manufacturers with global markets. Haryana, for instance, is setting up a Global Intelligence and Market Facilitation Team (GIFT) cell under the Centre's Raising and Accelerating MSME Performance (RAMP) programme,[156] and its Progressive MSME and Export Promotion Policy 2026 provides for MSME matchmaking, under which the component requirements of foreign companies are matched with Haryana manufacturers and local MSMEs gain access to the research and development expertise of these companies.[157] Without comparable support, small manufacturers in West Bengal are likely to remain largely confined to domestic markets.

Limited Innovation and Technology Adoption: The capacity to innovate and adopt new technologies determines whether manufacturers can move into higher-value products. Innovation activity in West Bengal's manufacturing sector remains limited. Applicants from the State filed 1,411 patent applications in FY 2024–25, about 2% of those filed by Indian applicants, compared with 15,347 from Tamil Nadu, 8,319 from Karnataka and 7,806 from Maharashtra.[158] The State had 7,775 startups recognised by the Department for Promotion of Industry and Internal Trade (DPIIT) as of June 2026, about 3% of the national total, compared with 41,440 in Maharashtra and 21,019 in Gujarat.[159] The ADB also notes gaps in digital adoption and quality infrastructure among the State's exporters.[160] These gaps can constrain the ability of firms to move into higher-value products and to qualify as suppliers to large buyers. At the same time, the State's research institutions remain an under-used resource that industry could draw on more systematically.



Limited Investment-Ready Industrial Land: The availability of investment-ready land is among the first factors that manufacturers assess when selecting a location. West Bengal has land available for industrial use, but a significant proportion is not yet ready for immediate development. The ADB notes that the State has large parcels of land along its industrial corridors that are yet to be developed into industrial parks, and that existing parks lack basic facilities such as boundary walls and adequate internal roads.[161] The absence of workers' housing within industrial zones also prevents units from operating round-the-clock shifts.[162] Ready land is most limited close to Kolkata, where proximity to the port, markets and the established clusters of Howrah and Hooghly is most valuable. In 2026, the West Bengal Industrial Development Corporation (WBIDC) and the West Bengal Industrial Infrastructure Development Corporation (WBIIDC), the State's two principal industrial land agencies, together listed less than 200 acres available in the districts adjoining the city.[163,164] Much of the older industrial land in this belt remains idle within closed and sick units, whose reuse first requires the settlement of ownership and outstanding liabilities.[165] As a result, investors may need to develop sites themselves or locate farther from markets and suppliers, which increases both project timelines and costs. Since the time taken to secure a usable site often determines the choice between competing States, this constraint can be decisive for many projects.

Labour Relations and Delay in Labour Code Rules: Stable labour relations and predictable labour regulation are important considerations for investors assessing the continuity and cost of operations. Labour relations continue to influence investor perceptions of West Bengal, particularly in its traditional industries, where trade unions have historically been strong. In the jute industry, most of whose mills are located in the State, Parliament's Standing Committee on Labour, Textiles and Skill Development recorded in 2025 the Ministry of Textiles' assessment that mill closures occur 'primarily due to labour trouble'.[166] The State has also been the slowest to adopt the new national labour framework. The four Labour Codes came into force on 21 November 2025, and each State is required to frame its own rules under them.[167] In July 2025, West Bengal and Lakshadweep were the only States and Union Territories that had not published draft rules under any of the four Codes.[168] Until the State's rules are in place, investors face uncertainty regarding the requirements that will govern hiring, wages and working conditions, and cannot yet rely on the greater flexibility that the Codes provide, such as the threshold of 300 workers below which a factory does not require government permission for lay-offs, retrenchment or closure.[169] Notifying the State's rules would remove a source of uncertainty that almost every other State has already begun to address.

Outdated Policy Framework: A comprehensive industrial policy signals government priorities and provides investors with a transparent statement of the support available. As of October 2026, West Bengal's general Industrial Policy dates from 2013, and its MSME and Textile policies expired in 2018.[170] Subsequent policies address logistics, exports, industrial corridors, ethanol and renewable energy equipment, but the State does not have dedicated policies for defence, shipbuilding, leather and footwear, food processing or chemicals. Competing States, by contrast, have adopted sector-specific frameworks. Tamil Nadu has policies for aerospace and defence, footwear and leather, and shipbuilding,[171] Odisha for defence manufacturing, apparel and food processing,[172] and Uttar Pradesh for aerospace and defence,[173] while Haryana notified seven sector policies in May 2026.[174] In the absence of such frameworks, investors in West Bengal must negotiate terms on a case-by-case basis, which adds time and uncertainty to investment decisions.

Lapsed Incentives and Limited Fiscal Room: Fiscal incentives can improve project viability during the initial years of operation, and their credibility depends on timely and reliable disbursement. West Bengal's principal incentive schemes have lapsed. Banglashree, the State's main incentive scheme for MSMEs, ended in March 2025,[175] and the 2020 scheme for MSME industrial parks ended in September 2025. The Revocation of West Bengal Incentive Schemes and Obligations in the Nature of Grants and Incentives Act, 2025 subsequently withdrew certain incentive schemes and the obligations arising under them, including incentives already committed to investors.[176] The State's fiscal position also limits the support it can extend. Outstanding liabilities are budgeted at 38% of GSDP in FY 2026–27, and interest payments are expected to absorb about 17% of revenue receipts.[177] In NITI Aayog's comparison for FY 2022–23, the State's debt was well above the median of 32.1% of GSDP for all States, while its capital expenditure, at 1.4% of GSDP, was well below the median of 4.0%.[178] Given the withdrawal of earlier commitments, investors are likely to assess any new incentive framework primarily on the reliability and timeliness of disbursement. Rebuilding confidence in the State's commitments may therefore matter as much as the size of any new incentives.

Compliance Burden: The cost and time involved in regulatory compliance affect both the establishment of new units and the operation of existing ones. West Bengal has improved its approval processes but has made less progress in reducing the overall compliance burden. In the Business Reforms Action Plan (BRAP) 2024, DPIIT's annual assessment of State business reforms, the State was rated a 'Fast Mover' when compliance-reduction measures were excluded, but an 'Aspirer', the lowest category, when they were included, whereas Odisha, Andhra Pradesh and Karnataka remained 'Fast Movers' on the combined assessment.[179] The State has decriminalised 26 provisions and repealed 24 obsolete laws.[180] Haryana, by comparison, has amended 42 State laws through a single Jan Vishwas Act, which replaces imprisonment for minor procedural offences with monetary penalties.[181] The compliance burden falls most heavily on small units, which seldom employ dedicated compliance staff.



Limited Training Capacity: The availability of an industry-ready workforce influences both the pace of capacity expansion and the adoption of advanced manufacturing technologies. Vocational training capacity in West Bengal remains modest relative to the size of its manufacturing workforce. The State had 288 Industrial Training Institutes (ITIs) with 71,252 seats in 2022, compared with 1,06,270 seats in Odisha and 1,36,508 in Gujarat.[182] Its District Skill Development Plan of January 2023 estimates that Howrah district alone will require about 92,800 additional industrial workers between 2022 and 2027.[183] None of the 14 ITI clusters approved in the first year of PM-SETU, the national scheme for upgrading ITIs in partnership with industry, is located in West Bengal.[184] The State also experiences a net outflow of skilled workers, with capital goods and manufacturing accounting for 10.9% of the occupations of out-migrants from West Bengal, compared with 5.8% for in-migrants.[185] Investors may therefore need to train supervisory and technical personnel in-house.



Limited Access to Renewable Power: Access to renewable power is becoming an important consideration for manufacturers that supply export markets and global companies. Industrial units in West Bengal currently have limited options for sourcing such power. About 94% of the State's power generation is derived from non-renewable sources, and its solar and wind potential remains largely untapped.[186] The State's policy for renewable power generation lapsed in 2022, and units seeking to install captive solar plants receive limited State support.[187] As attention to emissions across global supply chains grows, access to renewable power may become an important factor in buyers' choice of suppliers. Its limited availability could therefore place the State at a disadvantage in retaining export-oriented units and in attracting new suppliers to global companies. Measures that enable units to install their own renewable capacity, or to purchase renewable power directly from third-party generators through the grid, would help address this gap.

Port and Freight Constraints: Logistics costs are a significant component of competitiveness for bulk and heavy industries. West Bengal does not have a deep-sea port. Kolkata and Haldia are riverine ports, and the size of vessels they can accommodate depends on the maintenance of navigable depth in the Hooghly. The Eastern Dedicated Freight Corridor, a railway line reserved for freight traffic, also terminates short of the State, and land acquisition for its extension from Sonnagar to Dankuni, including the 163 km stretch from Andal to Dankuni, remains in progress.[188] Bulk industries such as steel therefore incur higher costs in moving raw materials and finished goods than competitors with access to deep-sea ports and dedicated freight corridors. Timely completion of the freight corridor extension would help reduce this cost disadvantage for the State's steel and other bulk industries.

Opportunities

Defence Manufacturing, Shipbuilding and Allied Engineering: India's expanding defence manufacturing sector offers West Bengal an opportunity to build on its established defence enterprises and engineering industries. National defence production reached ₹1.78 lakh crore in FY 2025–26, while the share of private manufacturers has increased. In West Bengal, GRSE and Yantra India have initiated expansion projects worth nearly ₹3,500 crore in shipbuilding, ship repair and specialised metal manufacturing. The proposed investment by Jupiter Defence at Raghunathpur signals additional private-sector interest. Together, these developments could support new manufacturing activity and opportunities for the State's engineering, metalworking and equipment suppliers, subject to the requirements of defence buyers.[189]

Ship Repair and Vendor Development: Ship repair and marine engineering offer a related opportunity. GRSE is upgrading facilities at Kidderpore and Timber Pond to strengthen repair and refit activities, which may create work for qualified component manufacturers and service providers. West Bengal's foundries, machining units and fabrication enterprises provide a potential supplier base, but participation will depend on technical standards, testing capability and vendor approvals. The wider opportunity is to develop a range of engineering firms able to serve defence as well as civilian industrial customers.[190]

Downstream Engineering and Metal-Based Manufacturing: West Bengal's steel plants, foundries and engineering workshops offer scope for expanding production beyond primary metals and intermediate products. Investment in machinery, industrial equipment, fabricated products and other finished engineering goods could generate greater local value addition and create demand for existing suppliers. Strengthening testing, production quality and access to larger buyers would help more enterprises in the Howrah–Durgapur industrial belt move into higher-value manufacturing.[191]



Labour-Intensive Manufacturing: Labour-intensive manufacturing offers the State an opportunity to convert its workforce advantage into large-scale employment. With the largest manufacturing workforce in India, among the lowest labour costs and a substantial agricultural base, West Bengal is well suited to industries such as apparel, footwear, leather goods and food processing. Supporting infrastructure is being developed, with a 62-acre footwear park comprising 142 plots laid out within the Calcutta Leather Complex at Bantala,[192] and WBIDC's garment park at Budge Budge set to provide about 7.6 lakh square feet of ready factory space.[193] Since May 2025, ready-made garments from Bangladesh may enter India only through the Kolkata and Nhava Sheva seaports, and no longer through land ports.[194] The change in permitted import routes could create opportunities for domestic apparel manufacturers serving eastern India, depending on prices and buyer demand. Given the high employment intensity of these industries, growth in this segment would also help move more of the State's informal workforce into organised factory employment.



Downstream Chemicals at Haldia: The availability of local feedstock creates an opportunity to develop downstream chemical industries at Haldia. The phenol and acetone plants inaugurated there in October 2026 could provide feedstock for resins, laminates, adhesives and other products once commercial production begins .[195] As India imports phenol worth about ₹1,988 crore annually,[196] the new production capacity may reduce import dependence and encourage downstream investment, subject to the availability and pricing of feedstock. WBIDC has about 194 acres available at its Haldia park,[197] and GAIL plans to extend its Urja Ganga gas pipeline to Haldia.[198] The co-location of land, feedstock and gas positions Haldia to attract a cluster of downstream chemical units. West Bengal accounted for only 4.2% of the national value of output in chemicals and chemical products in FY 2022–23,[199] indicating considerable scope for expansion new investment in downstream chemical units, which would broaden the State's industrial base beyond metals.

Gas, Waterways and Corridor Land: New central infrastructure is expected to ease several of the State's constraints in energy, logistics and land. GAIL's Urja Ganga pipeline, which carries natural gas from Jagdishpur to Haldia, Bokaro and Dhamra, already supplies gas up to Kolkata and will serve industry in Howrah, Hooghly and the two Medinipur districts once extended to Haldia.[200] Piped gas provides a cleaner and more reliable fuel for ceramics, glass and other process industries. The Haldia multimodal terminal on National Waterway 1, with a capacity of 3.08 million tonnes a year, commenced cargo operations in late 2025 and offers a low-cost route for bulk cargo to the North-East.[201] Under the Amritsar Kolkata Industrial Corridor, one of the national industrial corridors developed by the National Industrial Corridor Development Corporation, a master plan is being prepared for a 2,483-acre industrial park at Raghunathpur in Purulia.[202] Once developed, the park could offer investors a large, contiguous and serviced site on the corridor.

New Industrial Policy: The new industrial policy announced by the State in October 2026, which provides for separate frameworks for land and incentives, including support on power tariffs,[203] offers an opportunity to address land, sector policies and incentives in an integrated manner. The ADB has recommended pre-approved land banks with clear titles and zoning.[204] Experience with earlier schemes indicates that incentives must be simple to access and disbursed on time. The 2020 scheme for privately developed MSME parks received 39 proposals and granted 22 in-principle approvals, yet as of September 2026 its portal showed no incentive allotted under either phase.[205] A policy that combines ready land, clearly defined sector incentives and reliable disbursement could significantly strengthen investor confidence in the State.

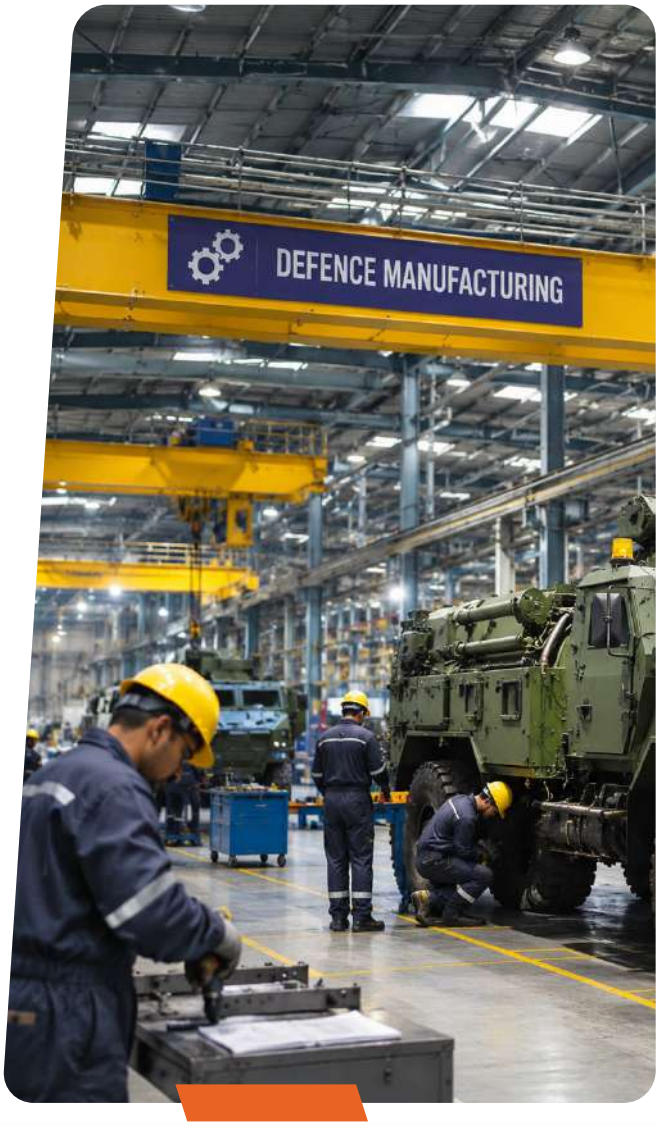
Threats

Competition from Other States: Competition among States for manufacturing investment has intensified, with leading States offering established ecosystems and targeted policy support. Maharashtra, Gujarat, Tamil Nadu, Karnataka and Uttar Pradesh together accounted for over 54% of national manufacturing value added in FY 2024–25.[206] Competition is also regional. Odisha, a neighbouring State that holds about 39% of India's haematite iron ore resources,[207] supplements its Industrial Policy Resolution 2022 with sector policies for defence manufacturing, apparel and food processing.[208] In defence, Tamil Nadu's Shipbuilding Policy 2026 targets the industry in which GRSE is West Bengal's principal producer,[209] and the defence industrial corridors in Uttar Pradesh and Tamil Nadu, dedicated zones offering land, incentives and testing facilities to defence manufacturers, have attracted substantial investment commitments.[210] West Bengal therefore risks losing not only new projects but also the expansion of firms already operating within the State. The pace at which it addresses its policy, land and incentive gaps will largely determine how much of this investment it can attract and retain.

Competition for Defence Supply Orders: Defence manufacturers select suppliers against technical, quality and delivery requirements. Existing suppliers outside West Bengal may therefore continue to receive a share of orders even where new production facilities are located in the State. Without timely improvements in capabilities and vendor qualification, local MSMEs may not fully benefit from defence investment and procurement growth.

Dependence on Large Buyers: Dependence on a small number of large defence customers may also expose specialised suppliers to uneven order flows. Encouraging engineering enterprises to serve both defence and civilian markets can help reduce this risk.

Restrictions on Bangladesh Trade: Bangladesh is an important neighbouring market, and West Bengal handles a substantial share of India's overland trade with it. This trade has become increasingly restricted. In May 2025, India prohibited imports of ready-made garments from Bangladesh through all land ports and restricted several other goods at land customs stations, including Changrabandha and Fulbari in West Bengal.[211] Although such restrictions benefit certain domestic producers, any further tightening by either country could reduce traffic through the State's land ports and adversely affect the transporters, warehouses and manufacturers that depend on cross-border trade. Diversifying the State's export markets would reduce this exposure.



Steel Imports: Steel is the State's largest manufacturing industry, and low-priced imports represent a continuing risk. Where a sharp rise in imports causes injury to domestic producers, the Government may impose a safeguard duty, a temporary import duty permitted under World Trade Organization rules. In April 2025, the Centre imposed a provisional safeguard duty of 12% on flat steel products, citing the pressure on smaller producers in particular,[212] and following the final findings of the Directorate General of Trade Remedies in August 2025, the protection was extended for a three-year period.[213] Safeguard duties are, however, temporary by design. Should imports surge again once the duty lapses, secondary steel producers in the Durgapur and Asansol belt, together with the foundries and fabricators that depend on them, could be adversely affected.

Carbon Border Measures: The European Union's Carbon Border Adjustment Mechanism (CBAM) imposes a carbon price on imports of carbon-intensive goods such as iron and steel, aluminium, cement and fertilisers, so that importers bear the cost of the emissions embedded in these goods, as producers within the EU do. The mechanism entered its definitive phase in January 2026.[214] Iron and steel products accounted for 18.3% of West Bengal's exports in FY 2024–25,[215] but the State's direct exposure depends on the share shipped to the EU and on the products covered by CBAM. Older plants and small foundries, which often lack systems to measure and report emissions, are likely to find compliance more difficult and costly, and risk losing European buyers.

Key Findings

West Bengal's strengths lie in its access to raw materials, an established metals and chemicals base, a large workforce available at competitive cost, strong engineering and research institutions and a defence production base that is already expanding. Growth opportunities extend across downstream engineering, defence manufacturing, shipbuilding, chemicals and labour-intensive industries, with potential to make greater use of the State's existing industrial capabilities.

Its principal weaknesses lie in the factors that investors typically examine first, namely investment-ready land, labour relations and regulation, the policy framework, the reliability of incentives and the State's fiscal room. These are compounded by a small organised factory sector, limited downstream value addition, a predominance of low-productivity micro enterprises, low export orientation, limited innovation, constrained training capacity and limited access to renewable power. Competing States are advancing more rapidly on several of these fronts.

The next chapter sets out recommendations arising from these findings. These address the terms of investment, including land, labour regulation, a new industrial policy with sector policies and reliable incentives; support for local firms to attain approved-supplier status with large buyers in the State. An investment strategy should also encourage downstream manufacturing in the State's established industrial centres.



06 10 Key Strategic Initiatives to Unlock West Bengal's Manufacturing Potential

West Bengal has the foundations to emerge as a major manufacturing and export hub in eastern India. Its strategic location provides access to eastern and north-eastern India, neighbouring countries and maritime trade routes. The State also possesses an established industrial base spanning metals, engineering, petrochemicals, foundries, textiles, leather, jute and food processing, alongside a substantial network of micro, small and medium enterprises (MSMEs). Kolkata's educational institutions, professional services and technology ecosystem offer further opportunities to support higher-value industrial and business activities.

Yet, translating these advantages into sustained industrial expansion requires more than attracting individual investments. The State must strengthen the ecosystem within which enterprises operate: predictable policies, readily available industrial land, reliable infrastructure, productive MSMEs, appropriately skilled workers, efficient approvals, higher product quality and access to domestic and international markets. West Bengal's industrial growth must also extend beyond a handful of large investments to generate deeper supply-chain linkages, encourage enterprise expansion and create sustainable employment across districts.

The priority, therefore, is to pursue a coordinated manufacturing development agenda that connects investment promotion with industrial execution, infrastructure development with enterprise productivity, and sectoral policies with measurable economic outcomes. The following 15 strategic priorities outline the interventions that can help West Bengal convert its industrial potential into a stronger pipeline of productive investments, competitive manufacturing enterprises and employment opportunities.



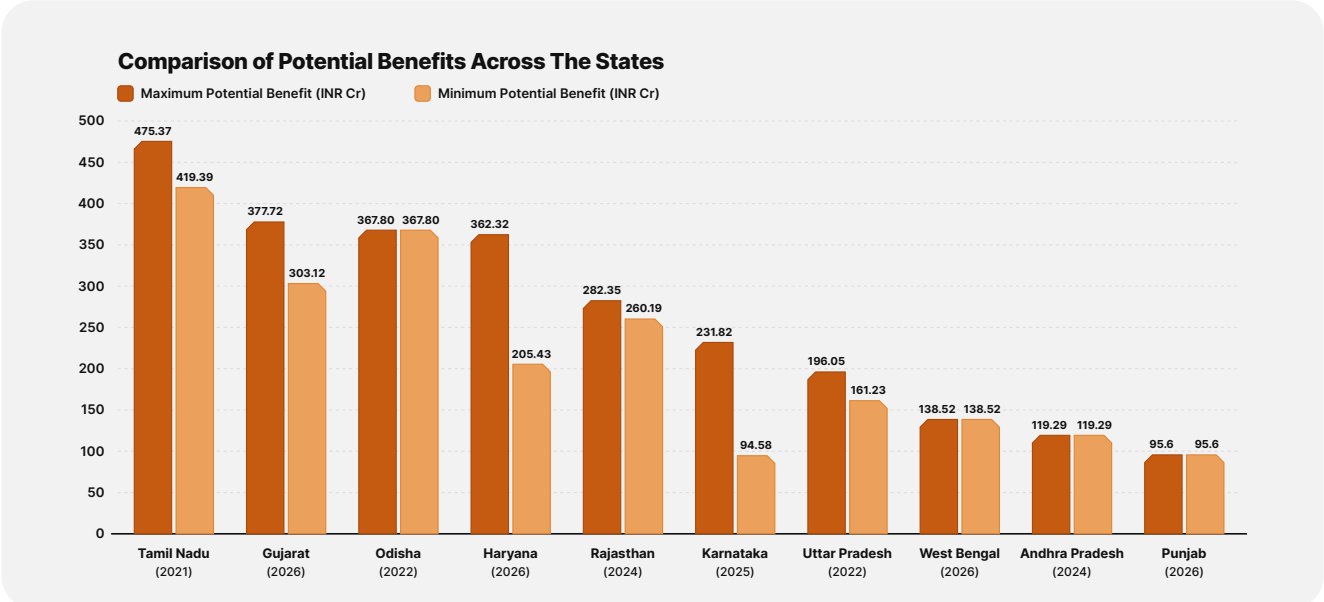
1. Strengthening Industrial Competitiveness through Effective Implementation of the New Industrial Policy and Launch of Dedicated Sectoral Policies

A State's ability to attract manufacturing investments depends, in part, on the clarity of its industrial development priorities, the predictability of its policy framework and the fiscal support available to investors. A comprehensive industrial policy provides direction to the State's industrial development, signals the Government's commitment to manufacturing, identifies priority sectors and establishes a framework for incentives, infrastructure development and investor facilitation. Fiscal incentives can be particularly important in improving project viability during the initial years of operation by reducing upfront capital expenditure and operating costs.

The launch of the new Industrial Policy for West Bengal is a step in the right direction after years of no dedicated policy being present. The policy offers fiscal benefits such as Net SGST reimbursement, Electricity Duty Reimbursement, Interest Subvention, EPF Reimbursement and other incentives. However, because the major incentive is linked to Net SGST paid to the State, sectors with substantial inter-state sales, inverted duty structures and large input credit accumulation face a relative disadvantage.

The accompanying comparison wherein potential fiscal benefits available to a agro-based food processing unit with a fixed capital investment of approximately ₹1100 crore, an average turnover-to-investment ratio of 1.5, 50-60% intrastate sales and employment generation of 1,000 persons is illustrated below. Depending on the applicable incentive framework and eligibility conditions, the estimated benefits vary substantially across States, with the potential benefits in some competing destinations considerably exceeding those available in others.

In this context, the limited fiscal support currently available to investors in West Bengal can constrain the State's ability to compete for large manufacturing projects, despite its inherent advantages in terms of location, workforce,



industrial clusters and market access. Investors evaluating alternative locations consider the overall cost and viability of establishing and operating a facility, including the incentives available over the investment lifecycle. A more competitive framework could therefore help West Bengal improve its attractiveness as an investment destination.

Further it is suggested that strong emphasis is placed on successful on-ground implementation of the policy – both in letter and spirit, as this can truly be a differentiator for investors.

Further the Government should also consider launching dedicated sectoral policies to address the specific requirements of priority industries, including their infrastructure, land, technology, skills and supply-chain needs. Potential focus sectors could include engineering and metal products, automobiles and auto components, textiles and apparel, leather, petrochemicals, food processing, electronics, renewable-energy manufacturing, defence manufacturing, shipbuilding etc.

While the fiscal cost of such incentives may be significant in the short term, their impact should be assessed against the broader economic benefits generated by new industrial investments. These include direct employment and wages, indirect employment across suppliers and service providers, additional production and exports, local value addition, development of MSME supply chains, and incremental tax revenues over time. The objective should be to design a fiscally sustainable incentive framework that links public support to verifiable investment and performance outcomes, while ensuring transparent eligibility conditions, timely disbursement and adequate safeguards against fiscal exposure. This would help position industrial incentives not merely as a cost to the exchequer, but as a strategic instrument for expanding West Bengal's manufacturing base and generating sustained economic activity.





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Chairman, ASSOCHAM Manufacturing Council, West Bengal

West Bengal has a strong industrial legacy and significant untapped manufacturing potential. To compete with established industrial states such as Gujarat, Maharashtra and Tamil Nadu, the State needs clearly defined industrial policies with a focus on priority sectors. A predictable policy framework, backed by competitive incentives and effective implementation, can help West Bengal attract investments and rebuild its position as a leading manufacturing destination.

2. Transforming Manufacturing Clusters into Integrated, High-Value Industrial Ecosystems

West Bengal has a diverse and geographically dispersed manufacturing base, with established clusters in engineering goods, textiles and apparel, leather, gems and jewellery, jute, food processing and other traditional industries. These clusters provide a foundation for industrial growth by bringing together enterprises, workers, suppliers and specialised production capabilities. However, the economic benefits of this concentration depend on the extent to which firms can leverage shared infrastructure, improve productivity, access larger markets and move into higher-value activities.

The State's industrial performance suggests that significant opportunities remain to be realised. Industry's contribution to West Bengal's GVA has remained at just over 20% over the past decade, while its performance in registered manufacturing GVA points to the need to strengthen the scale and productivity of formal industrial activity. Several constraints limit the ability of existing clusters to translate their manufacturing base into greater economic value.

- A large number of enterprises operate at a relatively small scale, constraining their ability to invest in modern equipment, adopt new technologies, formalise operations and fulfil larger orders.
- Inadequate market access, operational constraints and limited investment in modernisation prevents clusters from fully utilising their installed production capacity. For example, while the Howrah Foundry Cluster has an installed capacity of over 10 lakh tonnes per annum, the actual capacity utilization is only in the range of 55-60%.
- Several clusters remain concentrated in lower-value activities
- Clusters have limited integration with the wider market. Even where production is robust, the value chain often begins and ends with traders from other states, who supply raw materials and design specifications before purchasing the finished products. Clusters have limited control over product design, sourcing, branding and market access. For example, in the zari, gems and jewellery sector, though West Bengal is a major producer in both sectors, yet thousands of

zari workers operate from Mumbai, Surat, Delhi, and Jaipur, while much of the gems and jewelry trade is coordinated through Gujarat and Dubai. Much of the value added in the form of wages, enterprise growth, and productivity spillovers is realized elsewhere.

To address the same, the State must adopt an integrated cluster competitiveness and enterprise upgradation programme, moving beyond physical infrastructure creation towards strengthening the broader ecosystem in which enterprises operate. The programme could focus on three key interventions:

i. Development/upgradation of shared infrastructure especially around design and technology development, testing and certification laboratories, export facilitation etc. to reduce the cost of compliance, technology adoption and market access for MSMEs.

ii. Providing support to small enterprises in transitioning towards larger, employer-based businesses through improved access to working capital, modern machinery, digital technologies, quality certification, skills and productivity-enhancing solutions, including AI-enabled applications where relevant.

iii. Promoting cluster management organisations involving industry associations, government, financial institutions and academic institutions to coordinate common services, facilitate technology diffusion, connect local manufacturers with larger buyers and export markets, and encourage greater participation of local firms in higher-value segments of the supply chain.



Case Study: Tiruppur, Tamil Nadu –

Transforming a Network of MSMEs into a Globally Competitive Knitwear Cluster

Tiruppur's emergence as one of India's leading knitwear export hubs demonstrates how a concentration of small manufacturing enterprises can evolve into a globally competitive industrial ecosystem. The cluster's success has been driven by a network of specialised, independently operated enterprises undertaking different stages of production, including knitting, dyeing, printing, embroidery and garmenting. This specialisation, supported by strong inter-firm linkages, has enabled smaller enterprises to collectively achieve the scale, flexibility and production capabilities required to serve international markets.

A key enabler has been the Tiruppur Exporters' Association (TEA), which has facilitated industry coordination, export promotion, buyer linkages and collective engagement with government. Investments in shared infrastructure, including common effluent treatment facilities, along with access to specialised services and technical capabilities, have helped address constraints that individual MSMEs would struggle to overcome independently. **As a result of its evolving industrial ecosystem and export capabilities, Tiruppur recorded knitwear exports of approximately ₹44,747 crore in FY 2024–25.**

Tiruppur demonstrates that the competitiveness of manufacturing clusters depends not merely on the concentration of enterprises, but on their ability to function as an integrated industrial ecosystem. Strengthening cluster-level institutions, shared technical infrastructure, enterprise capabilities and market linkages could similarly enable West Bengal's traditional manufacturing clusters to improve productivity, access larger markets and retain a greater share of value addition within the State.

3. Expanding Industrial Land Banks and Developing Plug-and-Play Industrial Infrastructure

The availability of suitable, litigation-free industrial land has been identified as a key constraint to expanding manufacturing investments in West Bengal. Addressing this constraint requires a coordinated approach focused on accelerating land aggregation, encouraging private investment in industrial parks and developing ready-to-use industrial infrastructure as below:

i. Promote Innovative Models for Industrial Land Aggregation

The State Government should prioritise innovative mechanisms for industrial land aggregation, including land pooling, land partnerships and other models that enable landowners to participate as partners in the development process. Such mechanisms could facilitate the faster assembly of contiguous land parcels while ensuring transparent terms of participation and appropriate safeguards for landowners. The focus should be on creating a pipeline of legally clear, suitably located land parcels that can be made available for industrial development within defined timelines.

ii. Introduce a Dedicated Private Industrial Park Development Policy

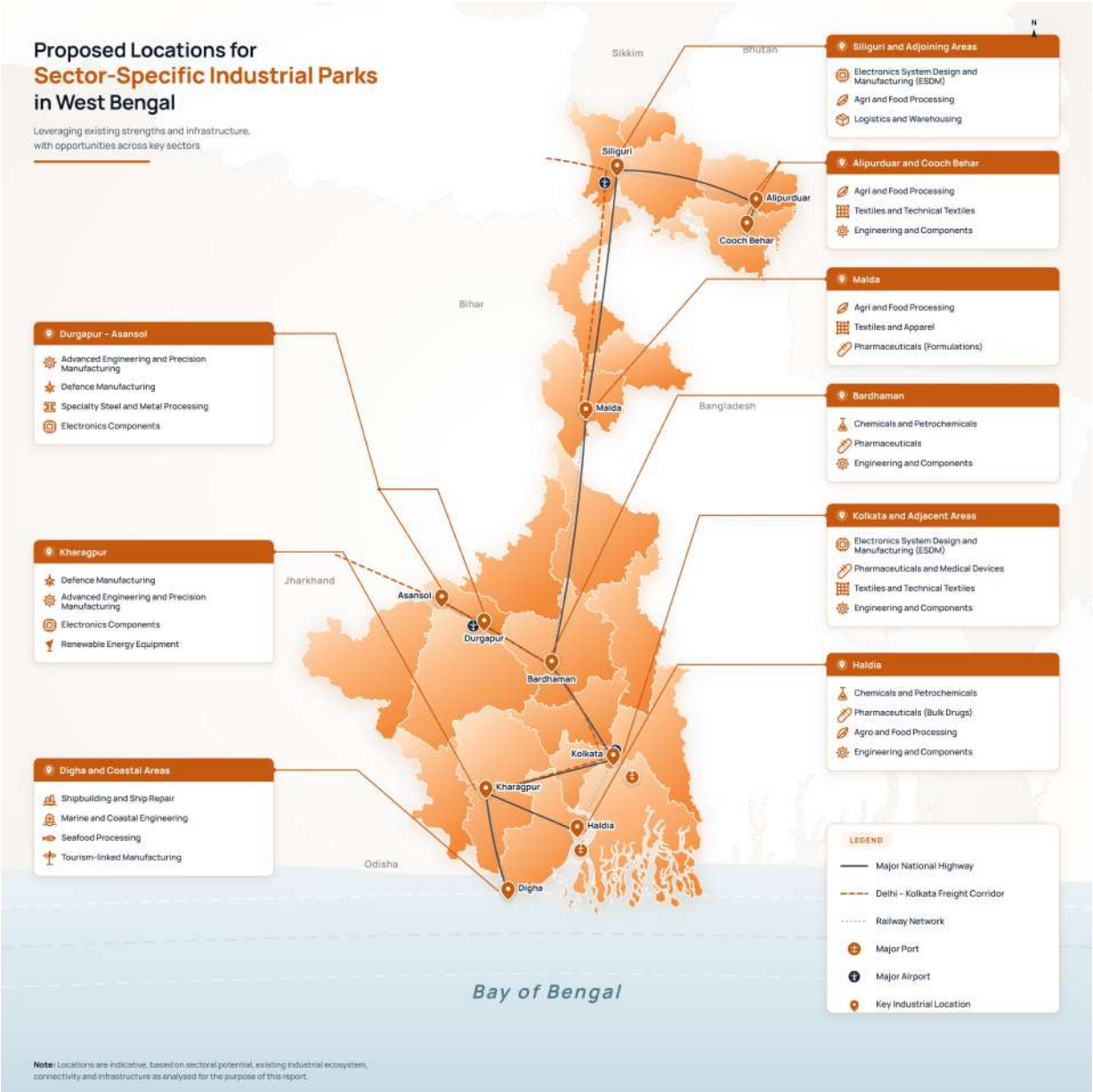
The State Government should consider notifying a dedicated Private Industrial Park Development Policy to incentivise private developers to establish industrial parks and expand the availability of industrial land. The policy could provide a combination of fiscal incentives and non-fiscal support, including time-bound clearances, greater flexibility in land-use planning and mixed-use development, expedited provision of trunk infrastructure up to industrial estate boundaries, and a dedicated interdepartmental mechanism to resolve approval-related bottlenecks. Incentives should be linked to the development of serviced industrial land, essential utilities and park infrastructure within defined timelines. This would leverage private capital and development capabilities to complement government-developed industrial estates and expand the State's investment-ready land bank.

iii. Accelerate the Development of Plug-and-Play Industrial Infrastructure

The State should prioritise the development of ready-to-use industrial plots and factory facilities, particularly for large manufacturing projects and foreign investors seeking to minimise project establishment risks and timelines. Such facilities should provide developed plots or ready-built sheds, reliable power and water supply, internal roads, drainage, effluent treatment facilities and access to other essential utilities. Wherever feasible, statutory approvals and utility connections should be facilitated in advance or through time-bound processes. Prioritising plug-and-play facilities in identified industrial corridors and sector-specific clusters would reduce the time and cost involved in setting up operations and strengthen West Bengal's competitiveness in attracting manufacturing investments.

4. Development of Sector-Specific Industrial Parks in Thrust Sectors, Leveraging Government of India Schemes

West Bengal should move towards a more targeted, cluster-based approach to industrial development by establishing large, sector-specific industrial parks in identified sectors such as Defence, Shipbuilding, Advanced Engineering and Precision Manufacturing, Electronics System Design and Manufacturing, Chemicals, Pharmaceuticals and Specialty Manufacturing, Agro and Food Processing, Textiles and Technical Textiles. Concentrating anchor industries, ancillary manufacturers, suppliers, logistics facilities and common infrastructure within dedicated parks can generate economies of scale, strengthen supply-chain linkages and improve the viability of investments. The State should identifypriority sectors and suitable locations based on existing industrial capabilities, raw material availability, connectivity, utilities and potential for integration with domestic and global value chains. The State should also actively leverage relevant Government of India schemes such as BHAVYA, to support the development of these parks and reduce the fiscal burden on the State.



Developing Defence Manufacturing Clusters in West Bengal

01

West Bengal has an opportunity to develop a stronger defence manufacturing industry by building on its established defence establishments, engineering capabilities and recent public and private investments. Garden Reach Shipbuilders & Engineers (GRSE), a Navratna enterprise with a long track record in naval shipbuilding, the defence manufacturing facilities at Ishapore and Cossipore, and the steel, foundry and engineering industries of Howrah, Durgapur and Asansol provide an established industrial base. The expansion projects of GRSE and Yantra India Limited, involving nearly ₹3,500 crore, and the proposed integrated defence manufacturing facility of Jupiter Defence at Raghunathpur provide further opportunities for attracting defence equipment manufacturers, specialised component suppliers and related engineering industries.

02

A significant opportunity lies in pursuing the development of an Eastern Defence Industrial Corridor, with Kolkata as one of its principal manufacturing centres. The proposed corridor could connect established and emerging defence manufacturing locations across eastern and northeastern India, including Kolkata, Durgapur and Siliguri. Kolkata's long-standing defence production establishments, naval shipbuilding facilities, port infrastructure and engineering institutions provide a strong basis for its inclusion. Within West Bengal, this initiative could build upon the Industrial and Economic Corridor Policy, 2023, particularly the Raghunathpur–Tajpur and Dankuni–Jhargram industrial corridors. Linking defence manufacturing investments with these existing industrial development plans could help attract larger manufacturers, strengthen regional supply chains and encourage the growth of specialised engineering industries. The State could take the initiative in pursuing the proposed Eastern Defence Industrial Corridor in coordination with the Government of India and other participating States.

03

The proposed defence manufacturing hubs at Gangajalghati in Bankura and Sainthia in Birbhum provide further opportunities to expand the sector beyond its traditional manufacturing centres. Their development could be aligned with the State's industrial-corridor programme and emerging private investments, including the proposed facility at Raghunathpur. Priority should be given to attracting anchor manufacturers and supporting industries, developing suitable industrial land and essential utilities, and providing common infrastructure based on industry requirements. Such an approach would enable new manufacturing locations to benefit from the State's existing steel, engineering and metalworking industries while encouraging private investment in defence manufacturing.

04

The development of these clusters should also promote greater participation by West Bengal's MSMEs, technology enterprises and research institutions in defence manufacturing. Collaboration with defence public sector enterprises and private manufacturers could support the development of specialised components, indigenous technologies and advanced engineering capabilities. Common testing and certification facilities, industry-oriented research and skill development would further strengthen the attractiveness of these locations. The State could explore convergence with relevant Government of India initiatives, including SRIJAN, iDEX and the Technology Development Fund for eligible activities, along with assistance under BHAVYA for qualifying industrial park projects. Together, these measures could position West Bengal as an important manufacturing centre within a wider eastern defence industry, while generating new investments, industrial employment and opportunities for local enterprises.

5. Strengthening Silpa Sathi into an Integrated, GIS-Enabled and AI-Driven Investment Facilitation Platform

Silpa Sathi, West Bengal's single-window portal for industrial investment facilitation, primarily provides online single window services under the various applicable Acts, Rules, Policies and Schemes and provides necessary guidelines and information to investors intending to start a business or operate a business in the State. The portal lists 142 services across 20 government entities.



Kanishk Maheshwari
Co-Founder and MD, Primus Partners

> West Bengal has considerable potential to emerge as a competitive manufacturing destination, but the speed of project execution will be critical. Ease of Doing Business must go beyond simplifying approvals to ensuring that industries can establish operations within predictable timelines. An integrated, responsive single-window ecosystem can significantly improve investor confidence and accelerate industrial growth in the State.

Leading industrial States such as Haryana and Tamil Nadu have progressively strengthened their single-window systems by integrating departmental services, providing investors with centralised access to approvals and incentives, and enabling transparent, time-bound processing of applications. Building on Silpa Sathi's existing capabilities, West Bengal should similarly move towards a fully integrated, end-to-end investment facilitation platform that supports investors throughout the investment lifecycle—from identifying suitable land and understanding regulatory requirements to obtaining approvals, accessing incentives and commencing operations. This would require deeper integration across government departments, enhanced digital capabilities and stronger accountability for service delivery, while minimizing avoidable physical visits and direct interface with government functionaries. It is suggested that the State Government undertake a comprehensive upgrade of Silpa Sathi, with the following key interventions:

i. **Develop a comprehensive GIS-based industrial land and investment intelligence system**

The portal should incorporate a GIS-enabled land bank covering not only vacant plots within government-developed industrial estates, but also available land in private industrial parks and other privately owned land parcels suitable for industrial development. This would significantly expand the range of locations available to prospective investors and provide a consolidated view of industrial land across the State.

Each mapped parcel should be supported by detailed information on land area, ownership and availability status, permissible land use, applicable development restrictions, indicative pricing and allotment or acquisition procedures. The system should also provide location-specific information on proximity to national and state highways, airports, seaports, railway networks, freight terminals and logistics hubs; access to raw material sources, supplier networks and relevant industrial clusters; and availability of essential utilities, including electricity, water, drainage and effluent treatment infrastructure. Where feasible, information on power substations, feeder capacity, water supply capacity and the availability of common industrial facilities should also be incorporated.

ii. **Introduce an AI-powered investor assistance and advisory facility**

Silpa Sathi's existing virtual assistant should be upgraded into an AI-enabled investor assistance system that provides personalised, interactive guidance throughout the investment lifecycle. Based on an investor's proposed sector, project size, location and business activities, the system should generate a customised checklist of applicable registrations, licences, clearances and incentives, along with the relevant documentation, fees, application procedures and prescribed timelines.The AI assistant should also be capable of answering queries using verified government notifications, industrial policies, scheme guidelines and departmental procedures; guiding investors through application forms; explaining eligibility conditions for incentives; and identifying potential gaps in submitted applications before filing.



Sameer Jain
CEO Primus Solutions

> Effective investment facilitation goes beyond single-window approvals to providing investors with reliable information, digital tools and seamless support. States such as Madhya Pradesh and Haryana have made progress in GIS-enabled land information and technology-driven investor services, offering useful models for West Bengal to build upon.

iii. **Enable end-to-end online processing of all incentive applications**

All incentives available under the State's new overarching industrial policy and upcoming individual sectoral policies should be accessible through Silpa Sathi, with online application submission, document upload, scrutiny, queries, approval, disbursement tracking and grievance escalation.

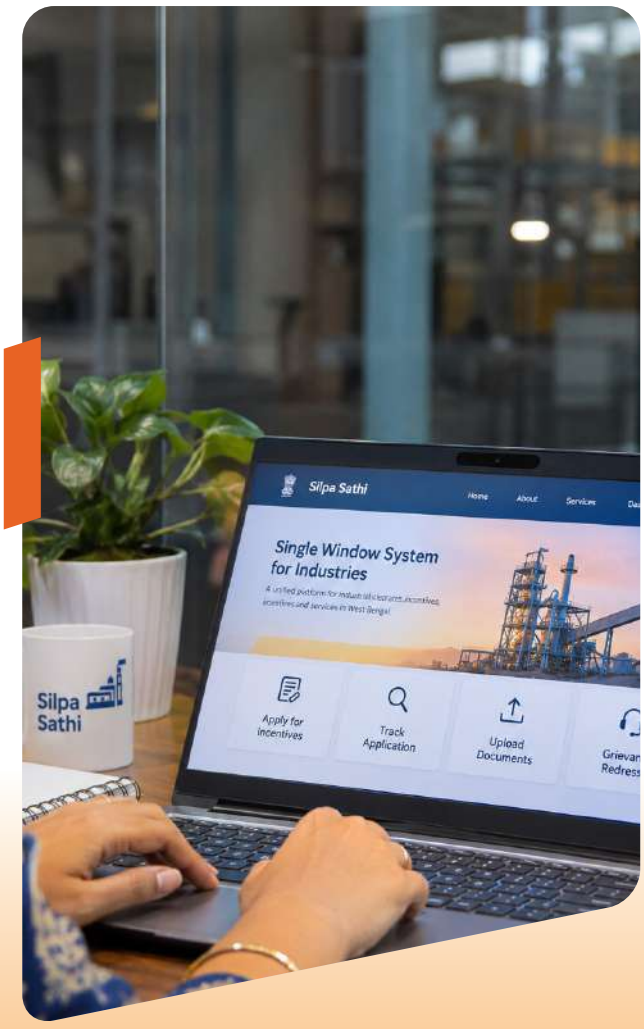
The portal should be integrated, wherever legally permissible and technically feasible, with relevant departmental databases, including those of the land and revenue authorities, West Bengal Pollution Control Board, electricity utilities, GST systems and other competent agencies. Such integration could enable digital verification of land ownership and use, investment and expenditure records, environmental clearances, electricity consumption, production and other relevant eligibility parameters. This would reduce repeated document submissions and reliance on physical inspections merely to verify information already available with government agencies.

Physical inspections should be limited to cases where they are legally required or necessary for technical verification, with risk-based selection and coordinated inspections across departments wherever possible.

iv. **Strengthen application tracking and grievance redressal**

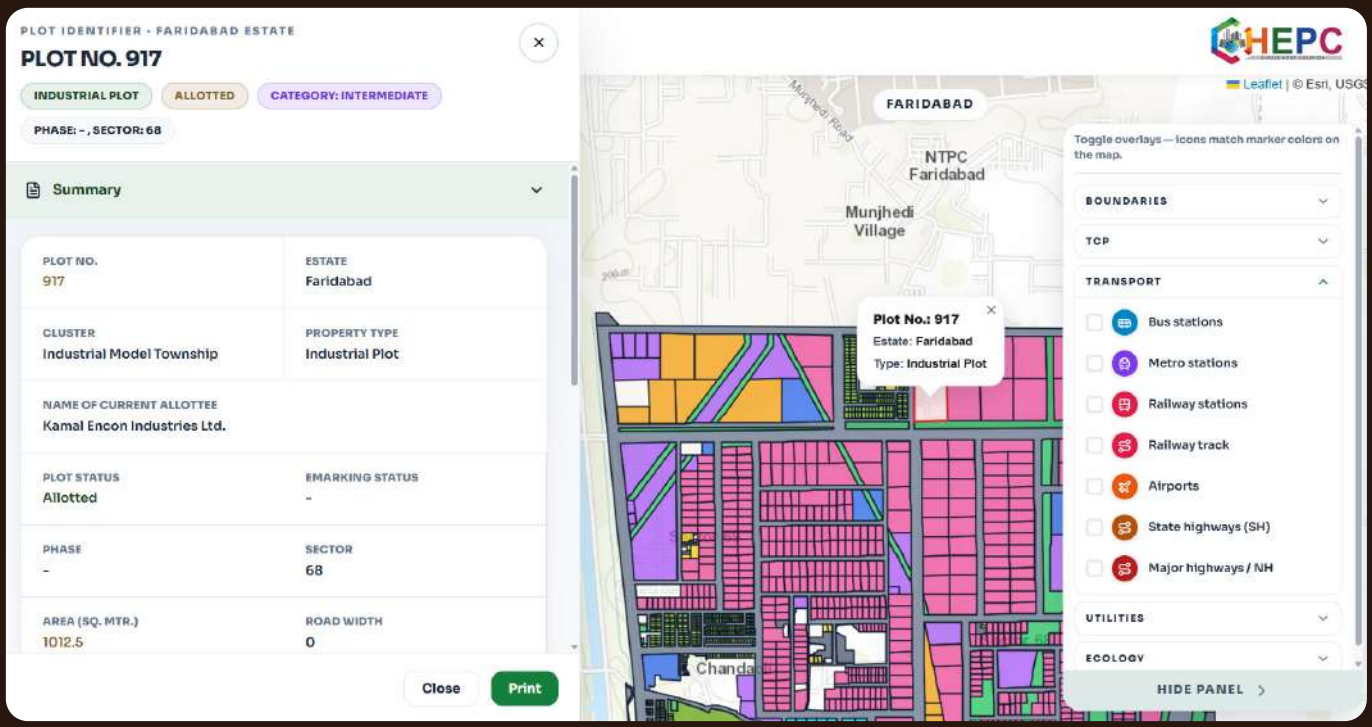
Silpa Sathi should provide a consolidated dashboard for every approval, registration, land application and incentive claim, enabling investors to track progress from submission to final decision and, where applicable, disbursement. Automated alerts should communicate application receipt, deficiencies, departmental queries, approaching deadlines, approval or rejection, and the reasons for any adverse decision.

The existing grievance redressal mechanism should be strengthened through defined resolution timelines, automatic escalation of overdue cases to senior officials and a central dashboard monitoring pendency, resolution time and repeat grievances across departments.



Case Study: Invest Haryana – GIS-Enabled Industrial Land Information

The Government of Haryana's Invest Haryana portal provides a useful reference for strengthening digital investor facilitation. West Bengal could adopt a similar approach by integrating a GIS-based land bank that consolidates information on government and private industrial land parcels, including land availability, ownership, permissible use and indicative costs. The platform could further map connectivity to highways, airports, ports and logistics hubs, proximity to raw material sources and industrial clusters, and the availability of essential utilities such as power, water and effluent treatment infrastructure, enabling investors to identify and compare suitable locations through a single interface.



6. Building a Predictable, Efficient and Business-Friendly Regulatory Framework

The Government of West Bengal has undertaken several initiatives to improve the ease of doing business, including reforms under the Business Reform Action Plan (BRAP) and the development of Silpasathi as a single-window platform for facilitating statutory clearances. These initiatives provide a foundation for improving the State's investment environment. However, further reforms are required to address the time, cost and uncertainty associated with regulatory compliance, particularly for industrial units navigating multiple departmental approvals during establishment, expansion and operations. The next phase of reforms should focus on moving beyond the digitisation of procedures towards measurable improvements in approval timelines, compliance costs and predictability of regulatory processes.

i. First, the State could undertake a **comprehensive Cost of Compliance Study** to assess the financial and time burden imposed on enterprises by existing laws, rules, registrations, renewals, inspections and reporting requirements. The study should identify overlapping and redundant compliances across departments, quantify the cost of compliance for different categories of enterprises and recommend measures for their rationalisation. The findings could be used to establish a time-bound regulatory reform roadmap, with measurable targets for reducing compliance requirements and associated costs.

ii. Second, the State could introduce **deemed approvals for eligible clearances** where the competent authority fails to decide an application within the prescribed timeline. Such provisions should be supported by clearly defined service-level timelines, automated escalation mechanisms and accountability for delays. Deemed approvals may be restricted to specified low-risk permissions, with appropriate exclusions for clearances involving environmental protection, fire safety, public health and other statutory safeguards. This would reduce uncertainty for investors and limit the financial costs arising from project delays, including interest during construction and deferred commercial operations.

iii. Third, West Bengal could introduce a **Land Feasibility Certification mechanism** to provide prospective investors with greater clarity on the suitability of identified land parcels before committing capital. The certification could consolidate information on land ownership and title, permissible land use, zoning and development restrictions, access to roads and utilities, and applicable environmental or other statutory constraints. Where feasible, this could be integrated with the State's industrial land information systems and single-window portal. Providing investors with reliable, pre-verified land information would help reduce due-diligence costs, minimise the risk of regulatory impediments emerging after land acquisition and accelerate project implementation.

iv. Fourth, the State could consider **adopting a Right to Business framework**, particularly for eligible micro, small and medium enterprises (MSMEs). Such a framework could provide in-principle approvals or provisional clearances, allowing eligible enterprises to commence specified business activities while obtaining the remaining approvals within a defined period. The framework should clearly specify eligible activities, applicable conditions, exclusions and the responsibilities of enterprises and

government departments. It should also be aligned with existing statutory requirements to ensure that procedural simplification does not dilute essential environmental, labour, fire or public-safety safeguards.

v. Fifth, the State should pursue **decriminalisation of minor and technical compliance violations** by reviewing provisions across applicable State laws and replacing criminal penalties with proportionate monetary penalties or administrative remedies wherever appropriate. The focus should be on procedural defaults, documentation-related lapses and other non-serious violations that do not cause material harm. More serious offences involving fraud, wilful non-compliance or risks to public safety should continue to attract appropriate enforcement. A systematic review of State legislation, supported by clear penalty schedules and transparent enforcement procedures, would reduce the regulatory burden on businesses while preserving effective deterrence.

vi. Finally, these reforms should be supported by a stronger **risk-based and accountable regulatory framework**. Silpasathi could be further strengthened through deeper integration with departmental systems, end-to-end online processing, common application forms, digital document reuse, real-time application tracking and automatic escalation of pending cases. Inspection regimes could increasingly adopt risk-based selection, joint inspections where multiple departments are involved, and self-certification or third-party certification for eligible low-risk establishments. The State should also periodically publish department-wise performance indicators, including average approval times, pendency, rejection rates and compliance-reduction outcomes.

Taken together, these measures would help West Bengal establish a more predictable, transparent and cost-effective regulatory environment. By linking regulatory reforms to measurable outcomes and clearly defined departmental accountability, the State can reduce barriers to investment, improve the ease of expansion for existing enterprises and strengthen its competitiveness as a destination for manufacturing and industrial development.





Avijit Mitra
Immediate Past Chairman,
ASSOCHAM Manufacturing
Council - West Bengal

West Bengal has significant potential to strengthen its manufacturing base, but unlocking this opportunity requires a more efficient and predictable regulatory environment. Simplifying statutory and environmental clearances, reducing procedural bottlenecks and rationalising inspections can help industries accelerate project execution and improve the State's attractiveness as a manufacturing destination.

7. Enhancing MSME Competitiveness through Global Market Access, Technology Partnerships and Supplier Development

West Bengal should establish an integrated **MSME Global Competitiveness Programme** to prepare local enterprises for international markets, facilitate partnerships with global companies and strengthen their technological, innovation and production capabilities. The programme should combine export facilitation, digital matchmaking, supplier development and technology partnerships, enabling MSMEs to move beyond local markets and participate more actively in domestic and global value chains. Key interventions could include:

i. Establishment of a Global Market Intelligence and Export Facilitation Mechanism

The State Government should establish a dedicated mechanism to help MSMEs identify export opportunities, understand international buyer requirements and navigate the complexities of global trade. This should provide sector-specific market intelligence on demand trends, target markets, competitors, tariffs, rules of origin, technical standards and applicable trade agreements. MSMEs should also receive handholding on export documentation, quality certification, packaging, logistics, intellectual property protection, export finance and credit insurance. The mechanism should work in coordination with existing export promotion institutions, Export Promotion Councils, industry associations, chambers of commerce and Indian Missions abroad.

ii. Develop a Digital Global MSME Partnership Platform

West Bengal should develop a dedicated digital platform to connect MSMEs with international buyers, multinational companies, technology providers, investors and potential joint-venture partners. The platform should host verified MSME profiles covering products, production capacity, technical capabilities, certifications, quality standards and export readiness. It should facilitate buyer enquiries, business matchmaking, virtual buyer–seller interactions, technology partnerships, joint ventures and investment opportunities. Special facilitation could be

extended to export-oriented enterprises and MSMEs with demonstrated potential to become global suppliers.

iii. **Institutionalise International Buyer–Seller Meets and Supplier Development Programmes**

The State Government should organise regular domestic and international buyer–seller meets, reverse buyer–seller meets, sector-specific roadshows and vendor development programmes to connect MSMEs with large domestic manufacturers, multinational corporations, original equipment manufacturers (OEMs), export houses and international sourcing agencies. Anchor companies should be encouraged to share their procurement requirements and identify opportunities for local sourcing. Participating MSMEs should receive support to meet buyer-specific requirements relating to product quality, production capacity, delivery schedules, certifications and regulatory compliance. Cluster-specific matchmaking could focus on engineering and foundry units, leather, textiles and apparel, jute products, handicrafts and processed foods.

iv. **Promote International Technology Partnerships and Innovation Collaboration**

The State Government should facilitate partnerships between MSMEs and overseas manufacturers, technology providers, research institutions, design firms and engineering companies to accelerate technology adoption and product innovation. These partnerships could support technology transfer, joint product development, process modernisation, advanced manufacturing, automation, product design and the adoption of internationally benchmarked quality systems. MSMEs should also be linked with technical institutions, testing laboratories and centres of excellence to strengthen their research, design, prototyping and product-development capabilities.



8. Establishing a State-Wide Manufacturing Quality Enhancement Programme

Improving product quality must be a central priority for West Bengal as it seeks to strengthen its manufacturing base and expand its presence in domestic and international markets. In an increasingly competitive global manufacturing environment, buyers evaluate suppliers not only on cost, but also on product consistency, precision, reliability and compliance with international standards. Quality deficiencies can lead to shipment rejections, higher warranty and rework costs, loss of buyer confidence and exclusion from global value chains. **For West Bengal, strengthening quality standards is therefore essential to move beyond cost-based competition, improve export realisations and enable local manufacturers, particularly MSMEs, to emerge as reliable suppliers to domestic and global original equipment manufacturers (OEMs).**

The State Government should introduce a Manufacturing Quality Enhancement Programme to address gaps in quality infrastructure, technical capabilities and manufacturing processes, with a particular focus on MSME-intensive industrial clusters. The programme could comprise the following interventions:

- **Strengthening Common Quality Infrastructure:** The State Government should establish and upgrade common testing laboratories, calibration centres and metrology facilities across major industrial clusters. These facilities would enable MSMEs to access specialised testing and validation services at affordable costs and ensure that their products meet applicable domestic and international standards.
- **Promoting Quality Certification and Compliance:** The State Government should provide financial assistance and technical support to enterprises for obtaining relevant quality certifications, adopting quality-management systems and complying with international product standards. Priority could be accorded to MSMEs seeking to enter export markets or become suppliers to large domestic and international buyers.
- **Improving Manufacturing Processes and Product Quality:** The State Government should facilitate quality audits of manufacturing units, particularly MSMEs, to identify the causes of product defects, rework and material wastage. Based on these assessments, enterprises could be supported in adopting better production practices, precision measurement systems, preventive maintenance and modern quality-control technologies.
- **Strengthening Supplier Development and Industry Linkages:** The State Government should facilitate partnerships between large industries, original equipment manufacturers (OEMs) and local MSMEs to improve the quality and consistency of locally manufactured products. Such partnerships could include technical guidance, supplier assessments and support to help MSMEs meet buyer specifications and qualify for domestic and global supply chains.

- **Enhancing Technical Skills and Quality Management Capabilities:** The State Government should collaborate with technical institutions, industry associations and specialised agencies to provide training to workers, supervisors and quality managers in precision manufacturing, inspection techniques, quality-control methods and root-cause analysis. This would help enterprises develop the in-house capabilities required to maintain consistent product quality.
- **Introducing Incentives for Quality Upgradation:** The State Government should consider providing targeted financial assistance to enterprises investing in quality-testing equipment, precision machinery, certification and modern quality-management systems. Where feasible, such support could be linked to demonstrable improvements in product quality, reductions in defect and rejection rates, and compliance with buyer or export-market requirements.



9. Strengthening Labour Relations and Building a Skilled Manufacturing Workforce

Stable labour relations and the availability of an industry-ready workforce are essential to ensuring uninterrupted manufacturing operations, improving productivity and attracting long-term industrial investment. Labour disputes, industrial unrest and associated production disruptions can affect production schedules, supply-chain commitments and investor confidence. At the same time, gaps between the skills available in the workforce and the evolving requirements of industry can constrain capacity expansion, increase recruitment and training costs, and limit the adoption of advanced manufacturing technologies. The State Government should adopt an integrated approach to strengthening labour relations while building a reliable pipeline of skilled workers aligned with the needs of existing and emerging industries.

i. **Strengthening Labour Relations and Dispute Resolution:** The State Government should establish effective mechanisms for the early identification and resolution of labour-related disputes, with structured engagement among employers, workers, trade unions and labour authorities. Dedicated industrial relations cells could be established in major industrial clusters to facilitate regular dialogue, address grievances and mediate disputes within defined timelines. Greater emphasis should be placed on preventive engagement, transparent grievance-redressal systems and awareness of applicable labour laws. These measures should seek to minimise avoidable production disruptions while protecting workers' statutory rights and promoting constructive employer–employee relations.

ii. **Promoting Long-Term Industry–ITI Partnerships:** The State Government should encourage industries to adopt Industrial Training Institutes (ITIs) and other technical training institutions through long-term partnerships. Participating industries could contribute to curriculum design, modernisation of training equipment, development of practical training modules and capacity-building of instructors. Such partnerships should be tailored to the skill requirements of local industrial clusters, enabling training institutions to produce graduates with competencies relevant to actual manufacturing operations. A structured adoption framework, with clearly defined roles for industry and government, could support sustained industry participation rather than short-term training interventions.

iii. **Aligning Skill Development with Emerging Industrial Requirements:** The State Government should institutionalise regular consultations with industry associations, anchor industries and MSMEs to identify current and anticipated workforce requirements across sectors such as precision engineering, electronics, industrial automation, chemicals and advanced manufacturing. Training curricula should be periodically updated to incorporate emerging technologies, modern production processes, quality-control systems and industrial safety practices. Cluster-level skill development plans could be prepared to align training capacity, course offerings and enrolment with projected industry demand.

iv. **Expanding Apprenticeships and Work-Based Learning:** The State Government should work with industries to expand apprenticeship programmes, on-the-job training and work-integrated learning opportunities for ITI, polytechnic and engineering graduates. Greater industry participation in practical training would help bridge the gap between classroom learning and workplace requirements, while allowing employers to assess and develop prospective recruits. Appropriate incentives could be considered for eligible enterprises that provide structured apprenticeships and demonstrate pathways to employment.

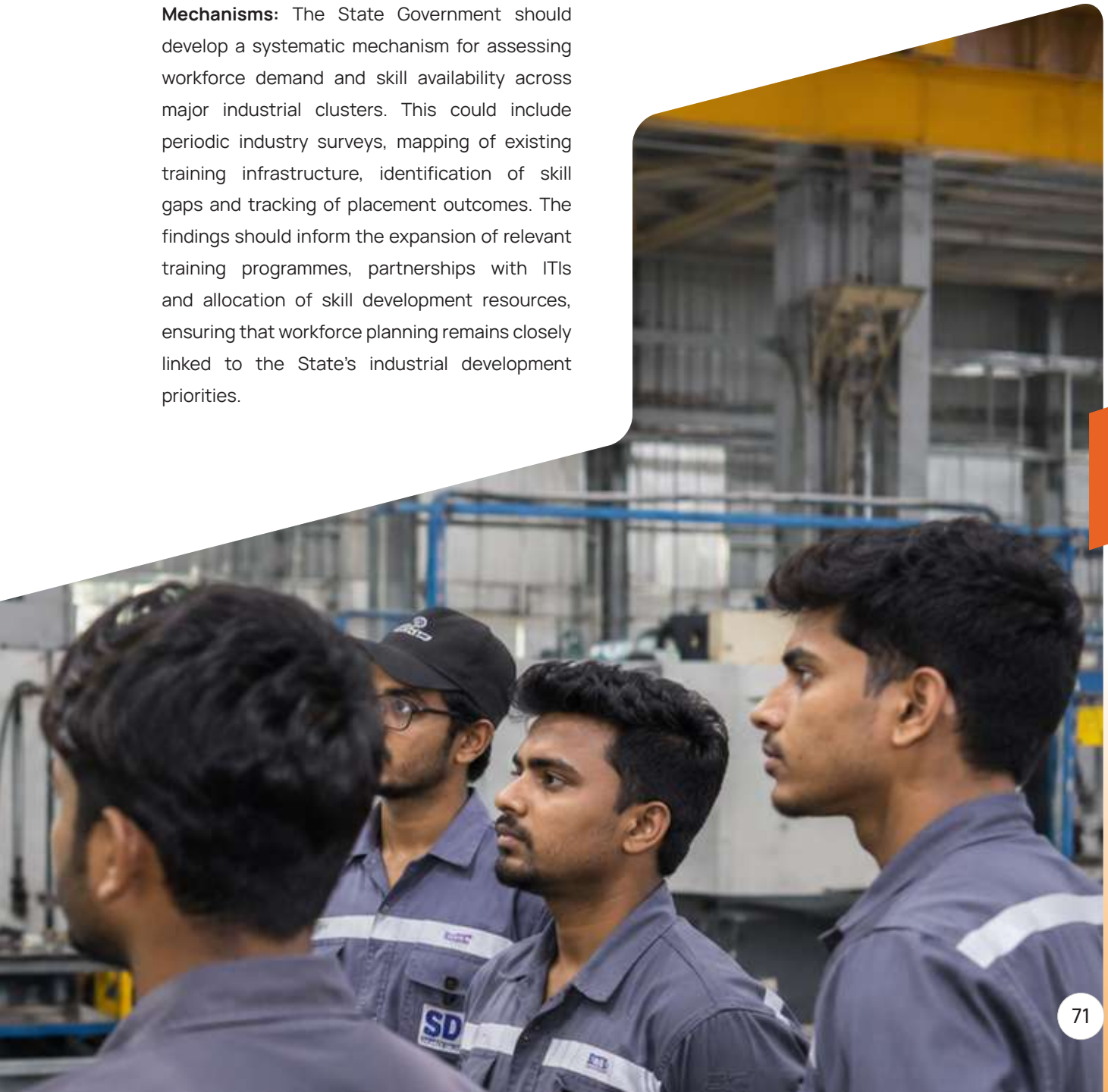
v. **Strengthening Continuous Upskilling and Reskilling:** In addition to training new entrants, the State Government should facilitate continuous skill development for the existing workforce, particularly in industrial clusters undergoing



technological upgrading. Partnerships with technical institutions and industry associations could support modular training programmes in automation, precision manufacturing, equipment maintenance, digital production systems and quality management. Shared training facilities could be developed where appropriate to enable MSMEs to access specialised training infrastructure that may otherwise be costly to establish independently.

vi. **Establishing Cluster-Level Workforce Planning Mechanisms:** The State Government should develop a systematic mechanism for assessing workforce demand and skill availability across major industrial clusters. This could include periodic industry surveys, mapping of existing training infrastructure, identification of skill gaps and tracking of placement outcomes. The findings should inform the expansion of relevant training programmes, partnerships with ITIs and allocation of skill development resources, ensuring that workforce planning remains closely linked to the State's industrial development priorities.

Together, these measures would help West Bengal foster more constructive labour relations, reduce avoidable operational disruptions and create a dependable pipeline of skilled and adaptable workers. By aligning labour facilitation, vocational training and workforce development with the needs of industry, the State can strengthen manufacturing productivity, support technology adoption and improve its attractiveness as a destination for long-term industrial investment.



10. Repositioning West Bengal as a Competitive Manufacturing and Investment Destination

West Bengal has a significant industrial legacy, strategic location, access to key domestic and international markets, an established manufacturing base and a sizeable workforce. However, historical perceptions relating to industrial relations, business conditions, infrastructure readiness and the predictability of project execution have negatively influenced investor confidence and the State's ability to attract new manufacturing investments. Addressing these perceptions requires more than incremental improvements; it calls for a concerted effort to reposition West Bengal as a competitive, investment-ready and industry-oriented destination.

To this end, it is suggested that the State Government launch a dedicated investment promotion campaign under the banner **"Make in Bengal. Build for the World."** The campaign would provide a unified platform to communicate the State's manufacturing proposition, highlight its competitive advantages and demonstrate its commitment to creating an enabling environment for industrial investment. It could also serve as an umbrella initiative for a broader set of industry-oriented reforms, including the introduction of a new industrial policy and sector-specific policies, the strengthening of the single-window clearance system, the development and promotion of new industrial parks, the establishment of a dedicated investment facilitation bureau, and other measures aimed at improving the ease of doing business.

The initiative should go beyond conventional investment promotion and publicity, with its credibility anchored in tangible improvements in the investor experience and demonstrable progress in project implementation. By bringing together investment promotion, policy reforms, industrial infrastructure and investor facilitation under a common identity, the campaign could help strengthen investor confidence and establish West Bengal's credentials as a destination where industrial opportunities are backed by a clear and credible pathway from investment interest to operational businesses.

West Bengal could establish a dedicated investment promotion team, modelled on agencies such as **INDEXTb in Gujarat and Guidance Tamil Nadu**, with a clear mandate to proactively attract domestic and foreign investment. The team should undertake targeted investor outreach, engage with potential investors and industry associations, identify sector-specific investment opportunities, and develop customised investment propositions aligned with the State's industrial strengths. It should also serve as a single point of contact for prospective investors, coordinating with relevant departments to facilitate site selection, approvals and project implementation. Dedicated sector teams, supported by investment research, investor intelligence and structured post-investment engagement, could help build a sustained pipeline of investment proposals, convert investor interest into actual projects and strengthen the State's competitiveness as an investment destination.

Ultimately, the objective should be to establish West Bengal as a State where enterprises can invest with confidence, manufacture competitively, access domestic and international markets, and expand over the long term. Achieving this will require a shift from investment announcements to investment realisation, from industrial land allocation to industrial land productivity, and from supporting individual enterprises to strengthening the wider ecosystem in which manufacturing can thrive.

Conclusion: From Industrial Potential to Sustained Industrial Performance

West Bengal's manufacturing opportunity lies in its ability to combine established industrial capabilities with a more competitive and responsive investment environment. The State does not need to build its industrial economy from the ground up. It can draw on existing manufacturing clusters, established industrial enterprises, MSME networks, transport connectivity, educational institutions and its access to markets across eastern and north-eastern India. The central task is to strengthen the links between these assets and convert them into a more productive, investment-ready industrial ecosystem.

The 10 recommendations outlined above are mutually reinforcing. Targeted investment promotion must be backed by a predictable policy framework and a credible pipeline of industrial land. Industrial parks must provide infrastructure that enables businesses to begin operations without avoidable delays. MSME matchmaking must be supported by improvements in productivity, technology, quality and skills. Digital approvals must be complemented by genuine process simplification, while investor facilitation must extend beyond the initial investment decision to project commissioning and expansion.

Implementation will require clear institutional ownership, time-bound milestones, coordination across departments and sustained engagement with industry. A phased approach would allow the State to prioritise immediate administrative reforms and existing infrastructure, while simultaneously preparing larger industrial clusters and sectoral initiatives. Progress should be evaluated through outcomes such as investment grounded, new manufacturing capacity, employment created, exports generated, MSME productivity and time taken to commence commercial production.

Ultimately, the objective should be to establish West Bengal as a State where enterprises can invest with confidence, manufacture competitively, access domestic and international markets, and expand over the long term. Achieving this will require a shift from investment announcements to investment realisation, from industrial land allocation to industrial land productivity, and from supporting individual enterprises to strengthening the wider ecosystem in which manufacturing can thrive.



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