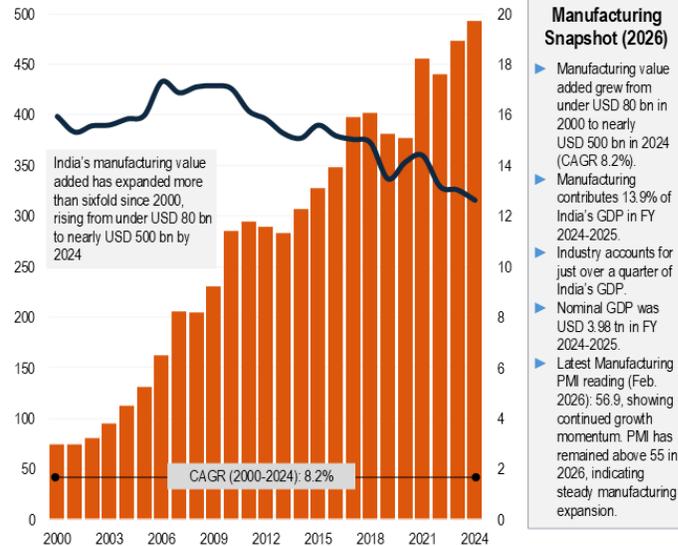


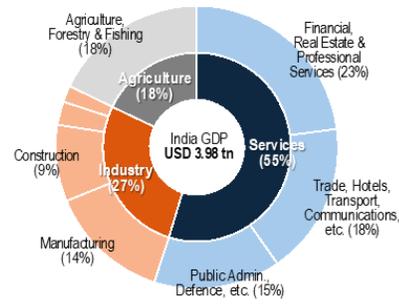
## India's Manufacturing Output Reaches Record Highs as Services Continue to Dominate Growth

*Manufacturing is expanding steadily in absolute terms, but India's growth model remains firmly services-led, limiting industry's relative weight in the economy.*

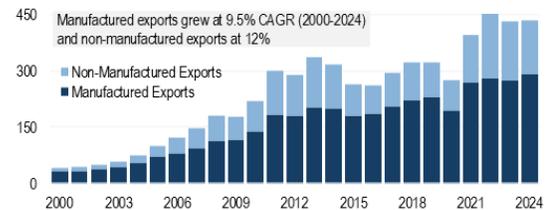
India Manufacturing Value Added, USD bn, and as % of GDP (RHS), % (2000-2024)



India GDP Share by Sector, % (FY 2024-2025)



India Share of Manufactured vs Non-Manufactured Exports, USD bn (FY 2024-2025)



India's manufacturing sector has expanded dramatically over the past two decades, even as services have consolidated their position as the dominant engine of the economy. Manufacturing value added has risen more than sixfold since 2000, increasing from under USD 80 billion to nearly USD 500 billion by 2024. This steady expansion reflects the gradual deepening of India's industrial base, supported by rising domestic demand, expanding production capacity and policy initiatives aimed at strengthening local manufacturing capabilities.

The data highlights a defining feature of India's development model: services have grown even faster than industry. As a result, manufacturing's share of GDP has gradually declined from its mid-2000s peak to around 13-14% in recent years. The broader industrial sector accounts for just over a quarter of the economy, while services represent roughly 55% of GDP, underscoring India's distinctive services-led growth trajectory compared with the manufacturing-heavy development paths seen in East Asia.

Trade patterns reinforce this structural dynamic. India's manufactured exports have expanded steadily at 9.5% CAGR over the past two decades, but non-manufactured exports (including commodities and other goods) have grown even faster at 12%. While manufacturing is gaining

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scale, the country has yet to develop the large export-oriented industrial base that characterizes major global manufacturing hubs.

For businesses and supply chain planners, India's manufacturing sector is expanding and will continue to offer growing opportunities as domestic demand rises. However, the country's economic structure remains fundamentally services-led, meaning industrial growth is likely to be gradual rather than transformational in the near term, with domestic market expansion remaining the primary driver of manufacturing activity.

*Also by ANDAMAN PARTNERS:*

- [Oil, Metals and Electronics: The Rapid Growth of India's Imports](#)
- [Growth and Diversification: The Emergence of India as An Export Economy](#)
- [EU-India Trade Entering Expansion Phase With New Free Trade Agreement](#)

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