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India Manufacturing Decision Guide 2026

Manufacturing in India is not one decision. It is a sequence of seven, and the order matters more than the individual answers: a board that fixes the location before it has settled the entry model usually ends up rebuilding the business case twice.

This guide sets out the sequence NirjiX uses with global OEMs, GCC operators and PE portfolio companies, the evidence each stage genuinely requires, and the failure mode that appears when a stage is skipped. Every current or numeric statement is labelled so you can tell published policy from NirjiX interpretation.

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What decisions does a company actually have to make before manufacturing in India?

Seven, in order: (1) strategic fit - whether the product, demand and supply chain make India the right base at all; (2) entry model - greenfield, JV, acquisition or contract manufacturing; (3) location - state and site; (4) incentives - which central and state schemes you can realistically qualify for and claim; (5) capital plan - capex, working capital, ramp and payback under conservative assumptions; (6) execution - approvals, land, EPC, machinery, suppliers, workforce and systems; (7) run-state - quality, OEE, localisation and scale. Locking a later decision before an earlier one is the most common and most expensive error, because incentives and location are consequences of the entry model, not inputs to it.

The decision sequence

Each stage produces an input the next stage cannot be answered without. Read left to right; each stage links to the page that owns it end to end.

01 Strategic fit - Does the product, the demand and the supply chain justify an India base at all?

02 Entry model - Greenfield, JV, acquisition or contract manufacturing - control against speed.

03 Location - State and site, chosen on supplier depth, logistics, utilities and time-to-production.

04 Incentives - Which central and state schemes the chosen model and site can actually claim.

05 Capital plan - Capex, working capital, ramp and payback stress-tested, not single-point.

06 Execution - Approvals, land, EPC, machinery, suppliers, workforce, ERP/MES and commissioning.

07 Run-state - Quality, OEE, localisation, automation and the path to nameplate output.

The sequence is not a schedule. Stages overlap in practice - location screening usually begins while the entry model is still open - but no stage should be closed before the stage above it.

What is actually established about India as a manufacturing base

The structural case is frequently argued with numbers that cannot be sourced. Here is what can be

stated as published fact, what is a defensible external benchmark, and what is NirjiX interpretation.

Reference period: Policy position as at February 2026

[Fact] India operates large, sector-specific central incentive programmes rather than a single national manufacturing subsidy.

Production Linked Incentive schemes are notified separately by sector - electronics, pharmaceuticals, automobiles and auto components, telecom, white goods, textiles, food processing and others - each with its own eligibility thresholds, investment commitments and incentive base. Semiconductors sit under a separate programme administered through the India Semiconductor Mission.

Source: DPIIT and MeitY scheme notifications

[Fact] Incentive eligibility is decided by scheme-specific investment and output commitments, not by company size or intent.

Each notified scheme sets minimum investment thresholds, qualifying product definitions, base years and incremental-sales or production milestones. Missing a milestone in a given year typically forfeits that year's claim rather than the whole scheme, but this varies by notification.

Source: Scheme guidelines published by the administering ministry

[NirjiX analysis] State-level packages are frequently the larger part of the total incentive value for mid-sized projects.

In engagements below the central PLI thresholds, land at concessional rates, stamp-duty and electricity-duty exemptions, capital subsidy and SGST reimbursement from the state package routinely outweigh anything available centrally. This is an observed pattern across NirjiX engagements, not a published statistic, and it inverts for large electronics and semiconductor projects.

[NirjiX analysis] Time-to-production, not headline cost, is the variable that most often breaks the business case.

Boards model landed cost carefully and schedule loosely. Approvals, land title, power connection, EPC mobilisation and supplier qualification each carry state-specific and site-specific variance, and a delayed ramp compounds into working capital, incentive-milestone and customer-commitment risk simultaneously.

[Fact] Multimodal logistics planning is now coordinated through a central national master plan.

PM Gati Shakti provides a common geospatial planning platform across infrastructure ministries, and the National Industrial Corridor Development Corporation develops the industrial corridor nodes. This affects the credibility of a site's stated future connectivity, which should be tested against the notified corridor and node status rather than a developer's brochure.

Source: PM Gati Shakti National Master Plan

[NirjiX analysis] Landed-cost advantage against an incumbent China base is product-specific and cannot be generalised.

For products with deep domestic component availability the case is usually straightforward. For products dependent on imported sub-assemblies, duty structure, inbound freight and the cost of holding buffer inventory can erase the labour-cost advantage entirely. This is why the business case is stage one and location is stage three.

Where this guide gives no number, that is deliberate: the figure is engagement-specific and quoting an average would make it look more certain than it is.

The framework behind the sequence

The same framework used in NirjiX manufacturing engagements and in the India Manufacturing Opportunity Assessment. Each element is a question with an owner and an evidence requirement, not a topic heading.

NirjiX India Manufacturing Decision Framework

01 Strategic rationale - Why India, why now, and what happens to the group's cost and resilience position if the project does not happen.

02 Product and market fit - Domestic demand, export intent, product complexity, certification requirements and volume stability.

03 Supply-chain depth - Component availability within India, the localisation trajectory, and what remains structurally imported.

04 Entry and operating model - Control, capital intensity, speed to production, partner dependency and exit optionality.

05 Location and site - State package, supplier ecosystem, logistics, utilities, workforce availability and real time-to-production.

06 Incentive architecture - Which central and state schemes the model qualifies for, and whether the milestones are achievable.

07 Capital and returns - Capex, working capital, ramp curve, cost-to-produce, NPV/IRR and downside scenarios.

08 Execution and run-state - Approvals, EPC, machinery, suppliers, hiring, systems, quality and the path to nameplate output.

The framework is the structure of the NirjiX India Manufacturing Opportunity Assessment, so a completed assessment produces the evidence set this guide describes.

The evidence each decision requires

The most common cause of a re-opened board decision is a stage approved on assertion rather than evidence. This table is the minimum standard.

Decision	Evidence that is sufficient	Evidence that is not
Strategic fit	Product-level landed-cost model against the incumbent base, with duty and freight, plus a resilience case	Group-level cost averages and a China+1 narrative
Entry model	Costed comparison of greenfield, JV, acquisition and contract manufacturing on speed, control and capital	A preference stated by the sponsor before the comparison
Location	Shortlist scored on supplier depth, logistics, power reliability, workforce and time-to-production, validated on site	A state government presentation and an incentive headline
Incentives	Eligibility tested clause by clause against the notification in force, with the milestone schedule modelled	An eligibility opinion and an indicative quantum
Capital plan	Capex and working capital by line item, ramp curve, and NPV/IRR under downside as well as base case	A single-point payback
Execution	Integrated approvals-to-commissioning schedule with critical path and named accountability	An EPC contractor's indicative timeline
Run-state	Quality, OEE and localisation targets with the operating model and staffing to reach them	A commitment to reach nameplate output in year one

Evidence standard by decision stage - NirjiX advisory practice

Three sequencing tests before you commit capital

If any of these resolves to the 'no' branch, the decision above it is not closed and should not be treated as closed.

Can you state the landed cost per unit in India against your current base, at your own volumes, with duty and freight included?

- Yes: Strategic fit is evidenced. Move to entry model.
- No: You have a rationale, not a business case. Build the product-level cost model before shortlisting states.

Have you compared greenfield, JV, acquisition and contract manufacturing on the same cost, control and schedule basis?

- Yes: The entry model is a decision. Location screening can now be scoped to it.
- No: Any location shortlist you build will be re-scoped once the model changes. Compare first.

Have you tested incentive eligibility against the notification currently in force, rather than a summary of it?

- Yes: The incentive value can enter the capital plan, with disbursement timing modelled separately.
- No: Keep incentives out of the base case. Treat them as upside until eligibility and milestones are confirmed.

The third test matters most. NirjiX models incentives as a separate cash-flow layer with its own timing and probability, never netted into headline capex.

The failure modes we see most often

Each of these is a sequencing error rather than an analytical one.

- Choosing the state first, because a state agency engaged early and made the decision feel settled, then discovering the supplier ecosystem does not support the product.
- Building the capital plan around an incentive quantum that is later reduced by a milestone the ramp curve was never going to meet.
- Treating a JV partner's existing plant as a shortcut, without testing whether its quality system and certification base carry to your product.
- Underwriting a schedule from the EPC contractor's timeline rather than from the approvals critical path, where the real variance sits.
- Hiring plant leadership after commissioning starts, so the people accountable for the ramp had no involvement in the design decisions that constrain it.
- Deferring ERP/MES to post-SOP, then running the first year of production without the data needed to defend an incentive claim or a customer audit.

The NirjiX view

The India manufacturing decision is usually presented to a board as a location question with a cost model attached. It is the reverse: a capital and operating-model question, where the location is the

consequence and the cost model is the output. Boards that accept that ordering approve once. Boards that do not approve twice, and the second approval is more expensive than the first.

The other consistent pattern is optimism about time rather than cost. Capex estimates in Indian projects are generally within a defensible range by the time a board sees them. Schedules are not. Approvals, land title, power connection and supplier qualification each carry variance that is state-specific and site-specific, and the compounding of those delays - through working capital, incentive milestones and customer commitments - is the single largest driver of a business case that underperforms its paper.

We would rather a client walk away at stage one with a clear reason than reach stage six on momentum. Manufacturing capital is not reversible in the way a services footprint is, and India rewards deliberate entrants disproportionately.

Frequently asked questions

What is the India Manufacturing Decision Guide 2026?

It is NirjiX's flagship research asset on manufacturing in India: a seven-stage decision sequence - strategic fit, entry model, location, incentives, capital plan, execution and run-state - with the evidence each stage requires, the failure mode when it is skipped, and every current or numeric statement labelled as published fact, external benchmark or NirjiX analysis.

In what order should a company make its India manufacturing decisions?

Strategic fit first, then entry model, then location, then incentives, then the capital plan, then execution, then run-state. Location and incentives are consequences of the entry model, so fixing them earlier forces the business case to be rebuilt when the model changes.

Should incentives be included in the base-case business case?

No. NirjiX models central and state incentives as a separate cash-flow layer with its own timing and probability, and keeps them out of the base case until eligibility has been tested clause by clause against the notification in force and the milestone schedule has been shown to be achievable under the planned ramp.

What most often causes an India manufacturing project to underperform its business case?

Schedule variance rather than cost variance. Approvals, land title, power connection, EPC mobilisation and supplier qualification each carry state-specific and site-specific variance, and delayed ramp compounds simultaneously into working capital, incentive milestones and customer commitments.

Is a China+1 rationale sufficient to justify manufacturing in India?

Not on its own. A resilience rationale explains why a second base is needed; it does not establish that India is the right one for a specific product. That requires a product-level landed-cost model at your own volumes, including duty, freight and the cost of any structurally imported sub-assemblies.

How does this guide relate to the NirjiX India Manufacturing Opportunity Assessment?

The assessment is the framework in this guide applied to your situation. It scores strategic rationale, product fit, supply-chain depth, operating model, location, incentives, capital and execution readiness, and produces the evidence set the guide describes.

Can the guide be downloaded?

Yes. A board-ready PDF of the seven-decision sequence and the evidence standard for each stage is available from this page without a form.

Sources and methodology

This page reflects the NirjiX India Manufacturing Decision Framework and the firm's engagement experience across manufacturing feasibility, incentive structuring, site selection and factory execution in India.

Policy references - Production Linked Incentive schemes, the India Semiconductor Mission, PM MITRA parks, PM Gati Shakti and state industrial policies - describe scheme structures as published by the relevant central and state authorities. Eligibility, quantum and disbursement conditions change; every figure used in an investment decision should be confirmed against the notification in force at the time of application.

No compensation, capex, rent or incentive-quantum figures are asserted as universal benchmarks. Those are engagement inputs, validated per sector, per state and per site.

Evidence classification: statements labelled Fact describe scheme structures or programmes as published by the issuing central or state authority. External benchmark denotes a third-party published figure, cited to its source. NirjiX analysis denotes practitioner interpretation drawn from engagement experience and is not a measured statistic. Illustrative assumption and Client-specific calculation denote modelling inputs that must be replaced with your own data.

- Ministry of Commerce & Industry / DPIIT - Production Linked Incentive schemes - https://dpiit.gov.in/
- India Semiconductor Mission, MeitY - fab, display, ATMP/OSAT and SPECS schemes - https://www.meity.gov.in/
- Ministry of Textiles - PM MITRA mega textile parks - https://texmin.nic.in/
- PM Gati Shakti National Master Plan - multimodal infrastructure planning - https://www.pmgatishakti.gov.in/
- National Industrial Corridor Development Corporation - DMIC, CBIC, AKIC and allied corridors - https://nicdc.in/
- State industrial and sector policies published by the respective state investment promotion agencies