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India's Investment Policy

Pathways to Secure Strategic Autonomy

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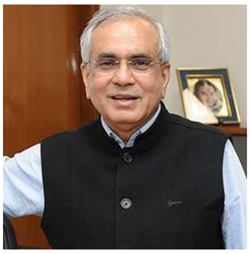
VeK Policy Advisory & Research

July 2026

FOREWORD



India stands at a pivotal moment on foreign investment that will define the next decade of growth.

The scale of the opportunity is unambiguous. India needs to sustain 8 percent real GDP growth for two decades to escape the middle-income trap and reach developed-economy status by 2047. Out of roughly 100 economies classified as middle-income in 1960, only a handful achieved high-income status. Breaking that pattern requires capital, technology, and market access and foreign investment has proven indispensable in earlier transitions. The auto industry learned from Maruti and Suzuki; IT services scaled through foreign outsourcing; now electronics manufacturing is being transformed by Samsung, Foxconn, and Vivo. This is demonstrated history. We can build on it.

Global capital is increasingly searching for stable and scalable manufacturing destinations, and India is well positioned to benefit from this shift. Vietnam, Indonesia, and Mexico have built predictable frameworks for attracting high-quality manufacturing FDI. India now has the opportunity to do the same but with greater clarity on what we reward and why. This is not a constraint. It is an advantage.

To compete effectively, we must ask ourselves: *What policy architecture will attract not any capital, but the kind of capital that builds plants, trains workers, deepens supply chains, and transfers technology?* The answer requires clarity. A firm proposing a USD 1 billion semiconductor plant should know within 90 days whether it can proceed. A factory designed to stay is worth more to India's self-reliance than one built to exit quickly. Our policy must recognize and reward that distinction.

The core insight of this report is deceptively simple: **an investor's contribution to India should determine how it is treated, not where it is headquartered.** This is not a brief for naive openness. It is a framework for strategic absorption—drawing in capital, technology, and markets, then converting them into indigenous capability. The distinction matters.

Self-reliance is achieved not through isolation but through *measured engagement*. A factory that employs 30,000 Indians, sources 95 percent of components from domestic suppliers, trains workers in advanced manufacturing, and exports to global markets is strengthening India's self-reliance—regardless of where its parent company is from. Yet our current framework does not always distinguish sufficiently between investors on the basis of their actual contribution to India's economic capabilities.

This report, prepared by VeK Policy Advisory & Research proposes an institutional architecture to fix that misalignment. It introduces the **India-Plus Contribution Scorecard**—a transparent, measurable framework that evaluates every investor across ten parameters: productivity and value-addition, exports and net forex, supplier ecosystem depth, human capital quality, technology transfer, R&D footprint, investment deployed, market innovation, environmental performance, and social contribution. High scorers receive faster regulatory approvals; low scorers receive improvement timelines, not exclusion.

Crucially, this framework is built on strategic clarity, not ideological openness. Critical infrastructure like telecommunications, semiconductors for defence, data centres serving government systems, remains subject to mandatory upstream security screening, separate from contribution scoring. The segmentation is deliberate: we invite competition where it builds capability; we protect what genuinely threatens security. Openness and caution are complements when properly institutionalised.

The report then sequences implementation across three horizons: a Contribution Visa pilot (0-2 years) offering 90-day approvals to high-scoring enterprises; a public Value Index Dashboard (2-5 years) making contribution visible to every stakeholder; and Atmanirbhar 2.0 (5-10 years) institutionalizing technology transfer as a permanent pathway to indigenous capability.

This report is designed for policymakers, state governments, investors, and the innovation ecosystem. It aims to answer one fundamental question: *How can India systematically attract the foreign partners that strengthen its self-reliance while maintaining institutional guardrails for genuine security concerns?* The answer will shape not only India's growth trajectory but also its ability to build the capabilities required to become a developed economy by 2047.

Dr Rajiv Kumar
Chairperson, Pahlé India Foundation
(Former Vice Chairman, NITI Aayog)

FOREWORD

Capital has always found its way to India, drawn by the scale of the market and the promise of its growth. At this juncture, it is important that India attracts the right investment.

The investment that best serves the Indian economy is investment that puts down roots. It builds plants that expand, deepens supplier networks, trains the workforce, and leaves behind capability that outlasts the transaction itself.

This is investment that adds human value, not financial value alone, to the Indian economy — the difference between capital that passes through India and capital that becomes part of India.

Identifying this kind of investment, consistently and at scale, requires a framework that is objective in its criteria and transparent in its application, so that every investor, regardless of size or origin, is measured against the same yardstick — provided there are no concerns related to national security. This report proposes exactly that, through the India-Plus Contribution Scorecard, an assessment built around what an enterprise actually contributes to India. It is a standard that can be stated plainly, applied consistently, and understood equally by a ministry official and a global investor.

The spirit of this approach is, we at VeK believe, the most important contribution this report makes. It asks India to look past where an investor is headquartered and toward what that investor is prepared to build here. An enterprise that reinvests its earnings in Indian capacity has earned a form of standing in this economy that has little to do with its passport and everything to do with its conduct.

This is, at its heart, a report about strategic autonomy — understood not as distance from the world but as depth within it. A nation builds autonomy by ensuring that whoever invests strengthens the foundations it stands on. That is the test this report proposes: what does the capital in question leave behind, and does it put India first.

For the policymakers and global enterprise leaders this report will reach, the invitation is simple. Compete, and be evaluated, on what you build in India, for India. That is the standard the India-Plus Contribution Scorecard sets out to measure — and the standard it asks stakeholders, in government and industry alike, to adopt.

I thank the authors and my colleagues at VeK, Ratika Jain and Gunja Kapoor for their valuable contribution in putting this report together.

T.S. Vishwanath

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Founder,
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EXECUTIVE SUMMARY

India’s next decade of foreign investment-led growth will be decided largely by the value created by capital including plants, suppliers, skills, technology and exports built on Indian soil. This report makes a single, central argument: an investor’s contribution to India should determine how it is treated.

The evidence is compelling. Foreign-anchored manufacturing and digital investment have powered record FDI, a 127-fold rise in mobile-phone exports, over a million direct jobs, a fast-deepening semiconductor and data-centre base, and a widening R&D and supplier ecosystem spanning fifteen states.

To act on the principle that policy support for FDI flows with adequate safeguards for protecting national security, the report recommends the India-Plus Contribution Scorecard, an origin-neutral, transparent rating of every investor, foreign or domestic, across ten measurable parameters. Productivity and value-addition, exports and net forex earnings, supplier and MSME integration, human-capital quality and genuine technology transfer carry the heaviest weight, with R&D, investment deployed, market-relevant innovation, environmental footprint and CSR completing the frame.

Crucially, the scorecard seeks to reward value rather than volume: measure productivity rather than raw headcount, distinguish committed intent from realised delivery and accommodate new entrants and long-gestation projects through milestone-based curves. High scorers earn faster, more predictable clearances; low scorers receive a time-bound improvement path, not exclusion. Importantly, national-security screening remains a non-negotiable filter.

The recommendations in this report are sequenced across three horizons. In the short term (0–2 years), a Contribution Visa pilot would grant enterprises scoring above 70 a 90-day single-window clearance covering land acquisition, environmental approvals, building permissions and utility connections. Piloted across Uttar Pradesh, Gujarat, Tamil Nadu and Karnataka, states with mature single-window infrastructure, the scorecard would treat investors that demonstrate credible commitment with proportionate regulatory speed, while environmental, labour and security compliance stay non-negotiable. Every approval and delay is logged and audited to build the evidence base for a calibrated national rollout.

In the medium term (2–5 years), this report suggests a public, independently verified National Value Index Dashboard to rank firms operating in India by contribution across key areas. This can be periodically reviewed depending on the geo-political requirements and the changing ecosystem for FDI. Scores updated quarterly and verified annually, it is suggested, would be stratified by sector to enable peer comparison. Built on existing digital rails, the dashboard seeks to make corporate contribution visible at once to citizens, MSME suppliers, state governments and policymakers, turning transparency itself into a powerful regulator.

In the long term (5–10 years), the report suggests, Atmanirbhar 2.0 would institutionalise strategic openness as a permanent pathway to indigenous capability. Firms above a defined revenue threshold in priority sectors would be incentivised through WTO compliant schemes to

partner with Indian MSMEs and academic institutions in structured technology-transfer or co-development arrangements.

Running across all three horizons, the report emphasises a safeguards architecture that ensures openness that does not become a cost: a dynamic red list of critical technologies, origin-diversification caps limiting any single country to a maximum of 30 percent of strategic input categories (a directional target to be phased in on sector-specific transition pathways, wherever possible), annual supply-chain stress tests, a two-tier security screen separating contribution-evaluated manufacturing from critical-infrastructure hardware, and a government oversight of dashboard rankings.

Together, these instruments let India choose its foreign partners intelligently while guarding against strategic dependency and vulnerability. The aim is openness with predictability, the conditions under which the highest-quality capital chooses India, and India grows self-reliant by 2035.

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Section 1: Redefining “Indian” – Contribution Over Origin

The Growth Imperative

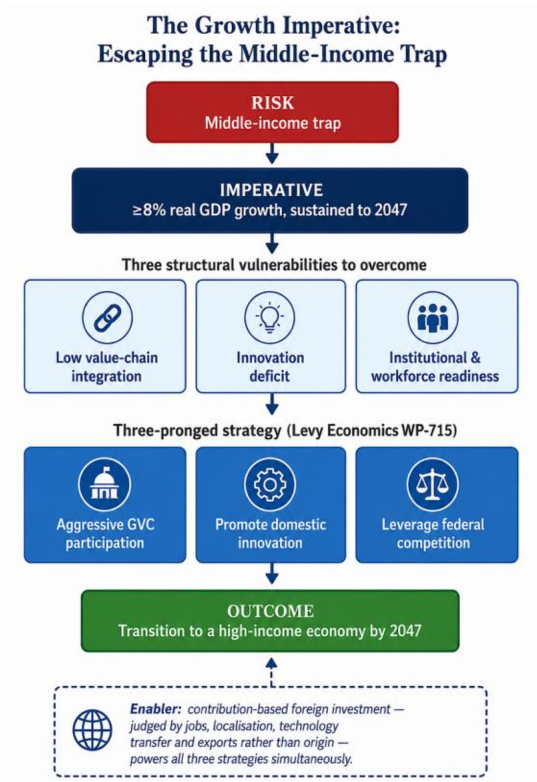
India stands at an inflection point. Having crossed USD 4 trillion in GDP, it must now navigate the challenging stretch of the development journey: the possible middle-income trap, in which fast-growing economies stall once the rising wages erode low-cost competitiveness but just before innovation-led productivity takes hold and the economy steps into the next orbit of value-driven growth.

History is unforgiving. Out of the roughly 100 economies classified as middle-income in 1960, only a handful reached high-income status.[1] To become a developed economy by 2047, India needs to sustain real GDP growth of at least 8 percent a year for two decades.[2]

Sustaining 8 percent growth requires India to overcome three structural vulnerabilities. One, low value-chain integration. Two, innovation deficit. At this level, frontier-technology and patenting capacity are concentrated in too few firms, and the translation of research into commercial products is weak. Three, institutional and workforce readiness. Uneven state capacity and limited policy visibility raise the cost, and lower the certainty, of doing business at scale.

Breaking that cycle is what the contribution-based approach set out in this report is designed to do.

Figure 1: The growth imperative — escaping the middle-income trap through a three-pronged strategy enabled by contribution-based foreign investment.



Research from the Levy Economics Institute (Working Paper 715)[3] finds that countries make the leap to high income by acquiring revealed comparative advantages in sophisticated, well-connected products. Three reinforcing strategies that are aligned to India are:

1. Expand manufacturing competitiveness by deepening the participation in global value chains, moving from assembly toward higher-value design, components and systems integration.
2. Promote domestic innovation, raising research-and-development intensity and build capabilities to turn knowledge into exportable products.
3. Leverage federal competition, infrastructure and skilling.

Foreign capital can be a powerful instrument to support all three.

1.1 Atmanirbhar Bharat decoded: self-reliance through strength, not isolation

The 1991 reforms in India were a decisive break from the past when the economy remained very protected. FDI grew from a trickle into a major source of capital for manufacturing, services and infrastructure.

The post-1991 era produced some of India's most important industrial success stories. Maruti transformed the automobile market from a small, high-cost segment into a competitive mass market. Bajaj, Tata Motors, Mahindra and L&T followed the same pattern, becoming more capable through exposure to competition and global markets.

The outcome is visible across clusters: the auto and engineering ecosystems around Pune, Chennai, Sanand and the NCR deepened because domestic and foreign firms jointly built dense supplier networks, logistics and skills. The same logic now drives electronics: Apple, Samsung, Vivo and their suppliers have created local value chains, vendor ecosystems, training pipelines and export capacity that remain rooted in India.

The spirit of Atmanirbhar Bharat engages with the world from a position of strength i.e. knowing a company by whether it builds capacity, employs Indians, sources locally, transfers technology and contributes to long-term growth.

For example, in India's IT services sector, global corporations outsourced software development, testing and back-office work to Indian firms and delivery centres, creating a major export industry, millions of jobs, and global technology hubs in Bengaluru, Hyderabad, Pune and Chennai.

> ***Self-reliance, in this sense, is not isolation but the ability to absorb external inputs and convert them into internal strength.***

1.2 India-Plus Contribution Scorecard: Metrics of Domestic Impact

As we deepen our engagement with the world and create opportunities for foreign capital, it is important for us to develop a framework to compute the benefits accrued from foreign investment.

An assessment framework that looks beyond the FDI inflow and incorporates the extent to which the investment created durable economic value inside India through capital formation, infrastructure, capability employment, technology transfer, design, skill development, export capacity, and long-term commitment to the Indian markets.

At this juncture, we must mention that headline FDI is only a starting point: it shows that foreign capital has entered, not whether it has become productive, rooted and capability-enhancing.

Foxconn's iPhone assembly, Samsung's integrated manufacturing-and-design presence, India-filed patents, and the large cloud, data-centre and AI investments of Amazon, Microsoft and Google all illustrate how foreign capital deepens India's technological base while creating high-skill employment.

The contribution assessment set out above should therefore include several measurable indicators.

Table 1: The "India-Plus" Contribution Scorecard

1	Productivity & value addition
2	Exports & net forex earnings
3	Supplier ecosystem & MSME integration
4	Human capital: jobs, skilling & talent
5	Technology transfer & co-development
6	R&D & innovation footprint
7	Investment deployed
8	Market-relevant innovation
9	Environmental footprint
10	CSR & community development

These indicators matter most when compared with other forms of capital. The framework attempts to separate skin in the game from soft or transient capital. Investors committed to the economy through physical assets and workforce obligations will not fly out at the first sign of volatility.

Short-term portfolio flows can enter and leave quickly, inflating asset prices. Greenfield FDI in manufacturing or digital infrastructure has far deeper domestic impact.

This framework is also a pitch to consider security as a comprehensive construct; economic security, technological security, trade security, resource security.

One of the ways to ensure national security is not diluted is by introducing auditable thresholds, sector-specific red lines, data-localisation requirements, and compliance audits. Such interventions are non-negotiable and coexist with a generous policy stance toward high-contribution investors.

> ***A good industrial policy regime is open where openness builds capacity, cautious where caution protects national interests.***

The proposed India-Plus Contribution Scorecard extends the Production Linked Incentive Scheme by creating a scorecard that captures what the economy actually receives from an investor. It also differentiates between presence and rootedness, where presence means a company has a market or office in India; rootedness means it has real stakes in the economy.
This gives policymakers a way to reward the right investors.

1.3 Strengthening the industrial footprint

> ***A firm's passport matters far less than the scale and durability of the economic footprint it creates inside India.***

Once a foreign-origin company establishes manufacturing capacity, builds local supplier linkages, trains Indian workers, pays domestic taxes, and adapts products to Indian demand, the resulting industrial ecosystem becomes rooted in Indian territory and becomes a part of India's productive infrastructure

Within this broader ecosystem, firms such as Vivo, Samsung and Foxconn illustrate how foreign-origin enterprises, including from geopolitically sensitive jurisdictions, can create entrenched Indian outcomes once they localise manufacturing and supply chains.

From a national perspective it will be important for assets that expand domestic production possibilities and resilience.

Box 1: Vivo India

In smartphones, Vivo's India journey shows how a foreign-origin brand can evolve from basic assembly to a deeply localised manufacturing and export base. As per information available in public domain, Vivo began local assembly in Greater Noida in 2015 with an initial investment of about INR 125 crore in a 30,000 square metre facility, targeting capacity of over one million phones per month and creating around 2,200 jobs, including roughly 2,000 product-line roles and 200 managerial positions.[4] By 2023, the company reported cumulative investments of around INR 2,400 crore in India, with plans to invest a total of INR 7,500 crore and complete a first phase of INR 3,500 crore for a new 169-acre "state-of-the-art" Greater Noida facility. Once fully operational, this new plant is designed to produce up to 120 million smartphones annually, effectively turning India into a major production base rather than merely a sales market.

The employment and ecosystem impact of this expansion is significant. Vivo's own impact reporting notes that more than 15,000 Indians have directly benefited through its existing manufacturing facility over roughly nine years, and that its wider value chain supports an estimated 200,000 direct and indirect job opportunities. The company also reports that 100 percent of Vivo smartphones sold in India are now locally manufactured, with 100 percent of motherboard assembly happening in India and about 100 percent of batteries and 70 percent of chargers sourced from domestic suppliers. In 2023, Vivo also began using India as an export base, aiming to ship over one million "Made in India" smartphones to markets such as Thailand and Saudi Arabia. Taken together, this trajectory from initial assembly to large-scale local production, deep component indigenisation, substantial employment and outbound exports shows how a foreign brand becomes economically "Indian" in effect once its operations are rooted in Indian assets, workers and suppliers.

Box 2: Samsung India

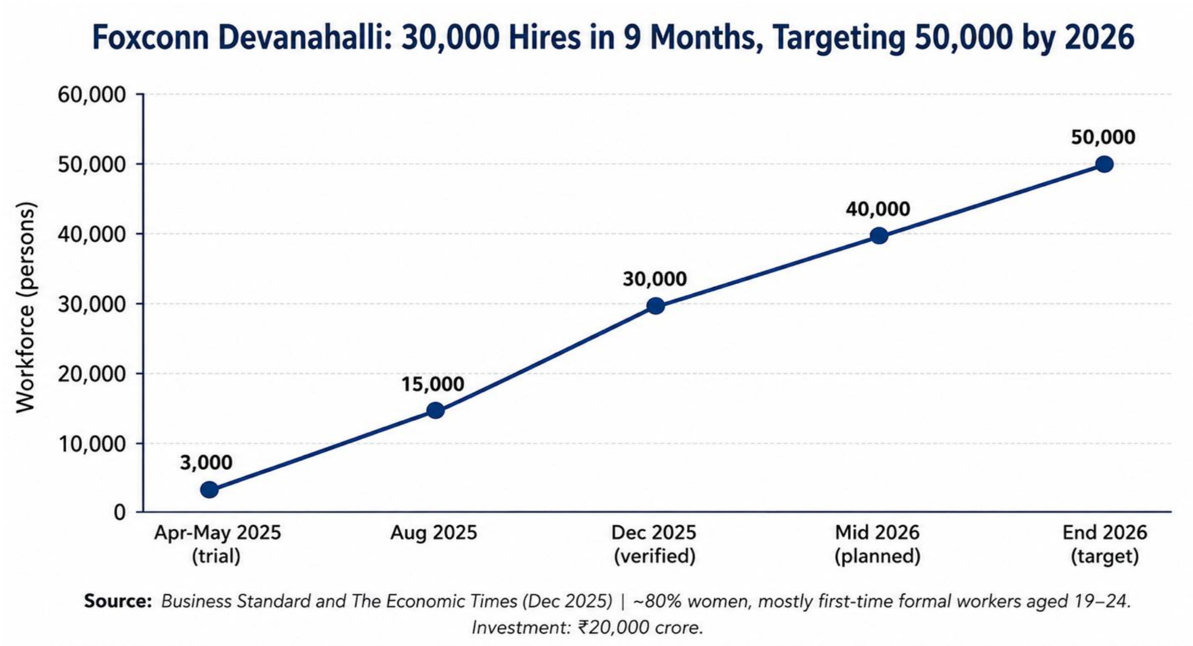
Samsung provides a parallel example. As per information in public domain, in 2018, the company inaugurated a mobile-phone factory at Noida, expanding its existing facility on a 35-acre campus with an investment of roughly INR 4,915 crore.[5] The expansion was designed to double Samsung's local manufacturing capacity from 68 million to 120 million devices per year, with phase-wise plans to reach up to 12 crore units annually by 2020. At the time, Samsung indicated that its India operations already provided about 70,000 direct and indirect jobs nationwide, including around 5,000 people in Noida, and that the enlarged plant would add at least 2,000 more direct jobs, along with additional employment through part-suppliers. Critically, the Noida facility functions not only as a production base for domestic consumption but also as an export hub: company officials have noted that close to 30 percent of its output is exported to markets in the Middle East and Africa, embedding India into Samsung's global smartphone supply chain rather than leaving it as a pure consumption market. Along with its facility at Sriperumbudur in Tamil Nadu, Samsung's Indian plants anchor a multi-state electronics manufacturing ecosystem of suppliers, logistics providers and service firms, making them core components of India's own industrial architecture.

Samsung's Indian operations illustrate an important employment pathway: mid-to-high-skill engineering and research positions. The Samsung Research Institute in Noida (SRI-Noida) began in 2007 with 40 employees and has grown to more than 2,300 engineers engaged in software development for the global mobile-phone portfolio, alongside applied research in artificial intelligence, IoT, and 5G. Samsung's R&D footprint in India spanning Bengaluru, Noida, and Delhi has produced more than 11,000 global patent filings[6] for technologies developed at the Bengaluru centre alone, making SRI-Bangalore the country's top patent-filer for India-originated inventions.

Box 3: Foxconn and iPhone Manufacturing in India

Foxconn's recent India ramp-up shows how quickly a foreign contract manufacturer can create an industrial base that is, in substance, Indian. As per reports in public domain, at its new iPhone assembly facility near Devanahalli, outside Bengaluru, Foxconn hired close to 30,000 workers within roughly nine months of operations, in what has been described as the fastest hiring ramp up seen at any manufacturing plant in India.[7] Approximately 80 percent of these employees are women, most of them between 19 and 24 years old and entering formal employment for the first time, with average monthly wages around INR 18,000 plus free accommodation and subsidised meals. Once fully operational, the Bengaluru plant is expected to surpass Foxconn's older iPhone facility in Tamil Nadu, which employs roughly 40,000–41,000 workers, taking Foxconn's India iPhone manufacturing footprint toward about 70,000–80,000 direct jobs across the two states. Each of these complexes also supports multiple layers of indirect employment in transport, security, catering, dormitory management, maintenance and local services, effectively turning them into mini-townships with their own economic gravity. In parallel, Apple's India exports of iPhones have risen sharply as production scales, further linking Indian labour and suppliers to high-value global markets.

Figure 2: Foxconn Devanahalli workforce trajectory. Source: Business Standard / Economic Times (Dec 2025)



Outcome-Based Integration

An outcome-based integration approach therefore asks: has the firm created a plant, a cluster, a skills pipeline, an export base, and a tax footprint on Indian soil? If the answer is yes, then the economic effect is Indian, regardless of the parent's origin.

A contribution-centric framework enables a pragmatic policy environment that welcomes firms which demonstrably strengthen India's industrial footprint, while still allowing the state to ring-fence genuinely sensitive domains through clear, auditable security tools.

It is this combination of deeply rooted industrial capacity plus targeted safeguards that gives India a real economic stronghold in a contested world.

1.4 Harnessing knowledge spillovers for technological strength

As a nation shaped by colonial past, India remains conscious of the risks associated with dependence on foreign technology, especially in the face of recent global trends, geopolitical tensions, and disruptions to critical supply chains.

The subsequent inquiry therefore is, whether India can manage those risks in a way that converts foreign presence into domestic capability, rather than leaving the economy permanently reliant on imported know-how.

History suggests that technologically successful countries achieved growth by using foreign firms, foreign capital, and foreign markets as instruments of domestic learning.

Case Study : Vietnam

Vietnam's electronics manufacturing base expanded rapidly after it positioned itself as a low-cost, export-oriented production hub for global firms. Apple's supply chain in Vietnam has been estimated at nearly USD 16 billion since 2019, while Apple suppliers such as Foxconn, Luxshare, Compal and GoerTek have built large manufacturing operations there, together employing more than 150,000 workers.[8]

Foreign-led production has helped build a national ecosystem of assembly, logistics, component sourcing, and technical training. Vietnam's electronics exports have risen dramatically over the past decade, and the country has become one of the most important non-China nodes in Asian electronics manufacturing.

Vietnam shows that foreign-led manufacturing can create an industrial ecosystem quickly.

It must be mentioned that Vietnam did not have a home-grown domestic brand system which created a competing environment for foreign investors

Table 2: Foreign Investment Spillovers and Outcomes

Economy	Foreign investment model	Main spill over mechanism	Observable outcome
Vietnam	Export-oriented electronics and assembly platform for global firms	Supplier clustering, worker training, export scaling, local logistics build-out	Rapid rise in electronics exports, large foreign-led manufacturing employment, deepening industrial base
East Asian developmental states	Controlled foreign entry with indigenization and export discipline	Technology absorption, training, domestic supplier upgrading, state-guided learning	Transition from assembly to design, then to high-value manufacturing and innovation
India	Services first, now expanding into electronics, EVs, data infrastructure and manufacturing	Outsourcing, worker upskilling, local manufacturing, export platforms, R&D indigenization	Strong IT exports, rising electronics manufacturing, emerging industrial clusters, growing domestic capability

East Asia shows that controlled openness can turn spillovers into national capability over time.

Foreign investments can help India move from dependence to competence.

Table 3: Takeaways from FDI Contributions

Economy	FDI	Contribution	Takeaway
Vietnam	Large-scale electronics and supply-chain absorption by global firms	Export manufacturing, supplier depth, technical jobs, logistics capacity	Foreign capital can create national industrial ecosystems quickly
East Asia	Selective openness with hard indigenization and export discipline	Domestic firms that learned from foreign partners and eventually competed globally	Controlled spillovers can produce technological growth
India	Outsourced services first, now manufacturing and digital infrastructure	Global IT exports, rising electronics clusters, deepening industrial skills	Use foreign presence to build capability if policy is disciplined

Section 2 — Measuring Real Impact: Beyond FDI Numbers

Section 1 established the principle that an investor's contribution to India matters. This Section tests that principle against the evidence, measuring the real footprint of foreign capital across jobs, technology, infrastructure and skills.

2.1 FDI Trends 2015-2026: The USD 47 Billion Surge

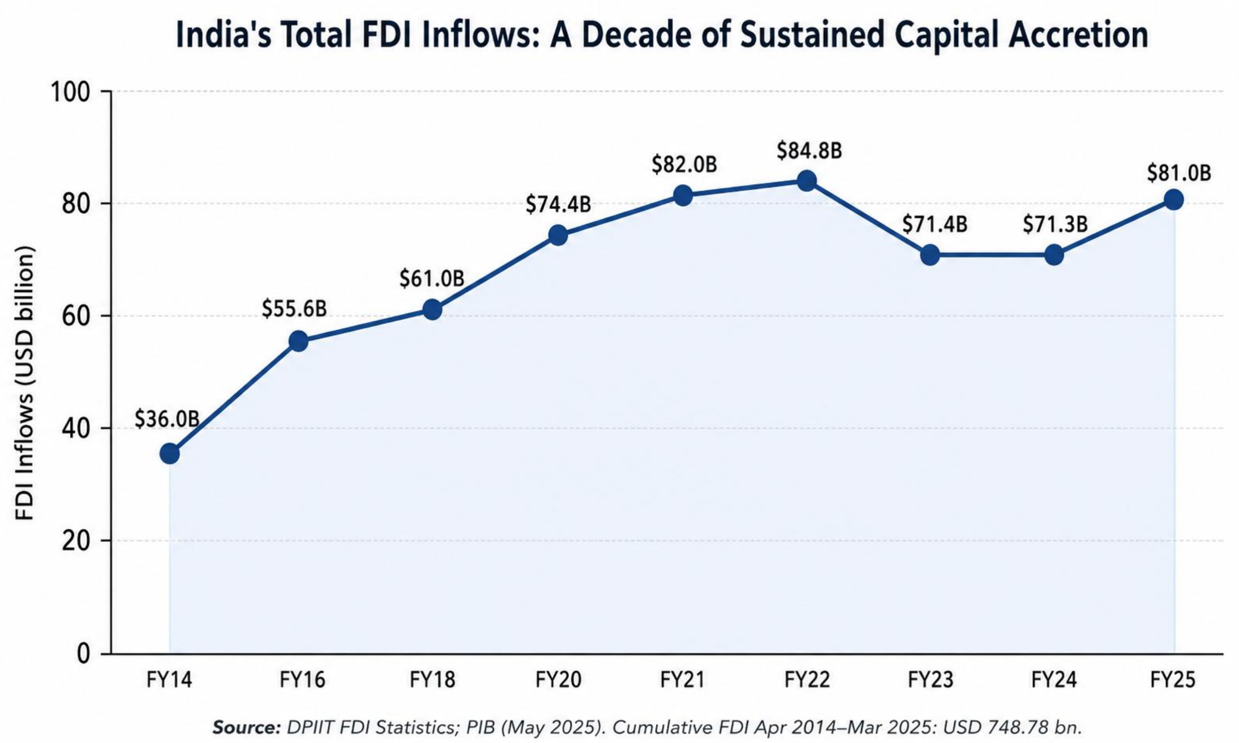
Macro Picture: A Decade of Sustained Capital Accretion

Between FY 2014-15 and FY 2024-25, India's annual FDI inflows rose from USD 45.15 billion to USD 81.04 billion, a 79 percent increase over the decade[1]. Despite volatility from the pandemic, U.S. monetary tightening and geopolitical shifts, India has remained among the top five emerging-market FDI destinations, with nearly 70 percent of all FDI received in the entire post-liberalisation period before 2014 (DPIIT FDI Statistics; PIB).[2]

The standout feature of the latest year is calendar 2025. According to UNCTAD's Global Investment Trends Monitor, FDI inflows to India surged 73 percent to USD 47 billion, driven primarily by large investments in services and manufacturing aligned with policies for integrating India into global supply chains (UNCTAD, Global Investment Trends Monitor).[3]

DPIIT data for the first nine months of FY 2025-26 corroborate this momentum, with FDI equity inflows rising 22 percent compared to the same period in the previous year.[4]

Figure 3: India's total FDI inflows have nearly doubled over the past decade, with FY 2024-25 marking a record USD 81.04 billion. Source: DPIIT FDI Statistics; PIB.



The Tilt - Towards Greenfield Industry

The composition of FDI is as important as the headline number and significantly impacts the overall growth induced by FDI.

In FY 2024-25, the services sector received 19 percent of the FDI, followed by computer software and hardware at 16 percent, and trading at 8 percent.[5]

However, a structural shift has occurred in manufacturing.

Manufacturing FDI grew by 18 percent in FY 2024-25 to reach USD 19.04 billion.[6] Over the longer ten-year horizon, FDI equity inflows into manufacturing rose by approximately 69 percent, from USD 97.7 billion in the 2004-2014 decade to USD 165.1 billion in the 2014-2024 decade.[7]

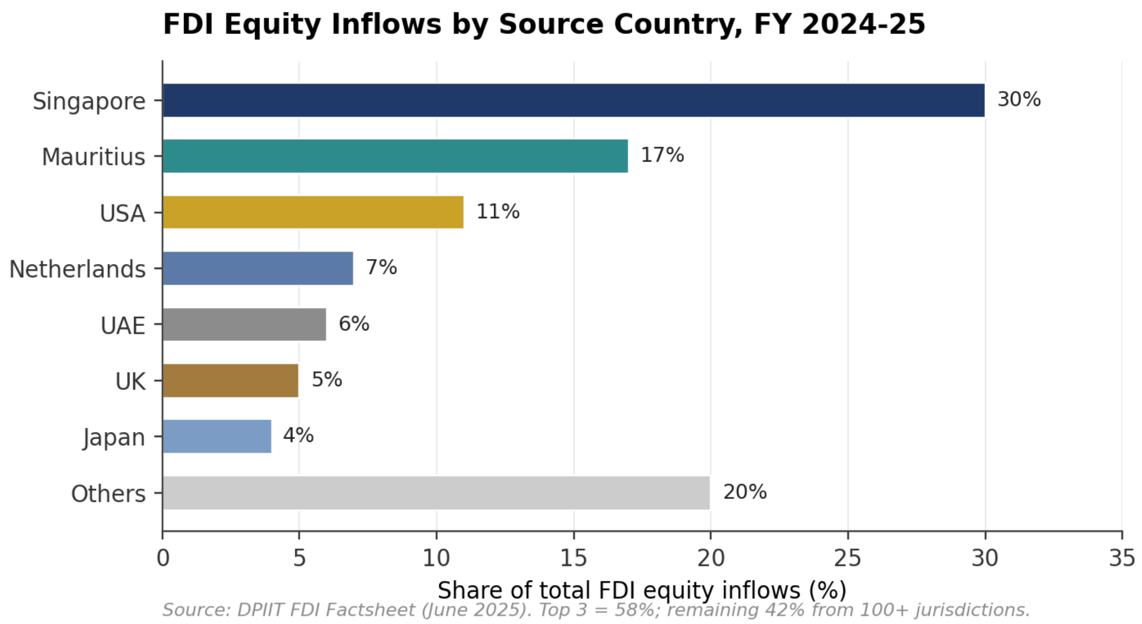
This shift matters because manufacturing FDI creates hard assets on Indian soil.

Automobiles, electrical equipment, chemicals and electronics have led the surge. Under the Large-Scale Electronics Manufacturing PLI scheme, 32 beneficiary firms including Samsung, Foxconn, Pegatron and Wistron have been approved with a notified incentive outlay of INR 38,601 crore.[8]

Source-Country Diversification

The number of countries from which India received FDI rose from 89 in FY 2013-14 to 112 in FY 2024-25.[9] This diversification is a strategic asset as it reduces dependence on any single jurisdiction and provides resilience against bilateral trade frictions.

Figure 4: Source-country distribution of FDI equity inflows, FY 2024-25. Source: DPIIT FDI Factsheet (June 2025).



State-Level Footprint

FDI in 2025 manifested in greenfield industrial assets, R&D nodes, and export platforms spanning fifteen states.

- Maharashtra accounted for the highest share at 39 percent of total FDI equity inflows in FY 2024-25, followed by Karnataka at 13 percent and Delhi NCT at 12 percent.[10]
- States such as Tamil Nadu, Gujarat, Uttar Pradesh, and Telangana have recorded substantial greenfield announcements.

Vivo's presence in Uttar Pradesh, Foxconn's campus near Bengaluru, Tata Electronics' assembly facilities in Dholera, and Micron's semiconductor assembly and test plant in Sanand all reflect this geographic broadening.

Table 4: India FDI dashboard — FY 2023-24 vs FY 2024-25.

Metric	FY 2023-24	FY 2024-25	Change
Total FDI Inflows (USD bn)	71.28	81.04	+14%
Manufacturing FDI Equity (USD bn)	16.12	19.04	+18%
FDI Equity Inflows (USD bn)	44.42	50.00	+13%
Number of Source Countries	108	112	+4
Top State Share (Maharashtra)	30%	39%	+9 pp

Source: DPIIT FDI Statistics; PIB (May 2025)

GDP Multiplier Effect

It must be mentioned that headline FDI numbers sometimes understate the true contribution of foreign capital to the Indian economy.

USD 1 billion greenfield electronics plant typically draws another USD 2-3 billion in component-supplier capacity, logistics infrastructure, and skilled-labour deployment within a five-year horizon.

Foxconn's Devanahalli investment of approximately INR 20,000 crore is forecast to leverage ancillary capital expenditure of comparable magnitude through Tata Electronics, Salcomp, Sunwoda, and other component suppliers.[11]

The real-economy footprint of foreign capital is substantially larger and substantially stickier than what equity-inflow tables alone reveal.

From the FDI Numbers

There are three immediate suggestions that flow from the trend:

- First, the rebalancing toward manufacturing FDI to be reinforced through continued execution of the Production-Linked Incentive schemes, the Electronics Component Manufacturing Scheme approved in March 2026 with a INR 40,000 crore outlay[12], and the India Semiconductor Mission.
- Second, state governments competing for FDI to focus on time-bound single-window clearances, ready-built industrial parks, and skilled-labour pools.
- Third, the diversification of source countries through targeted investment-promotion outreach to China, Japan, South Korea, Germany, France, and the Gulf Cooperation Council economies.

2.2 The Employment Engine: Direct and Indirect Jobs Created

Over 1.2 Million Direct Jobs and Counting

Foreign investment has delivered employment outcomes few other policy initiatives can match. Between FY 2020-21 and FY 2025-26, foreign-origin entities generated over 1.2 million direct jobs[13], concentrated in electronics, automobiles, pharmaceuticals, capital goods and shared-services centres.

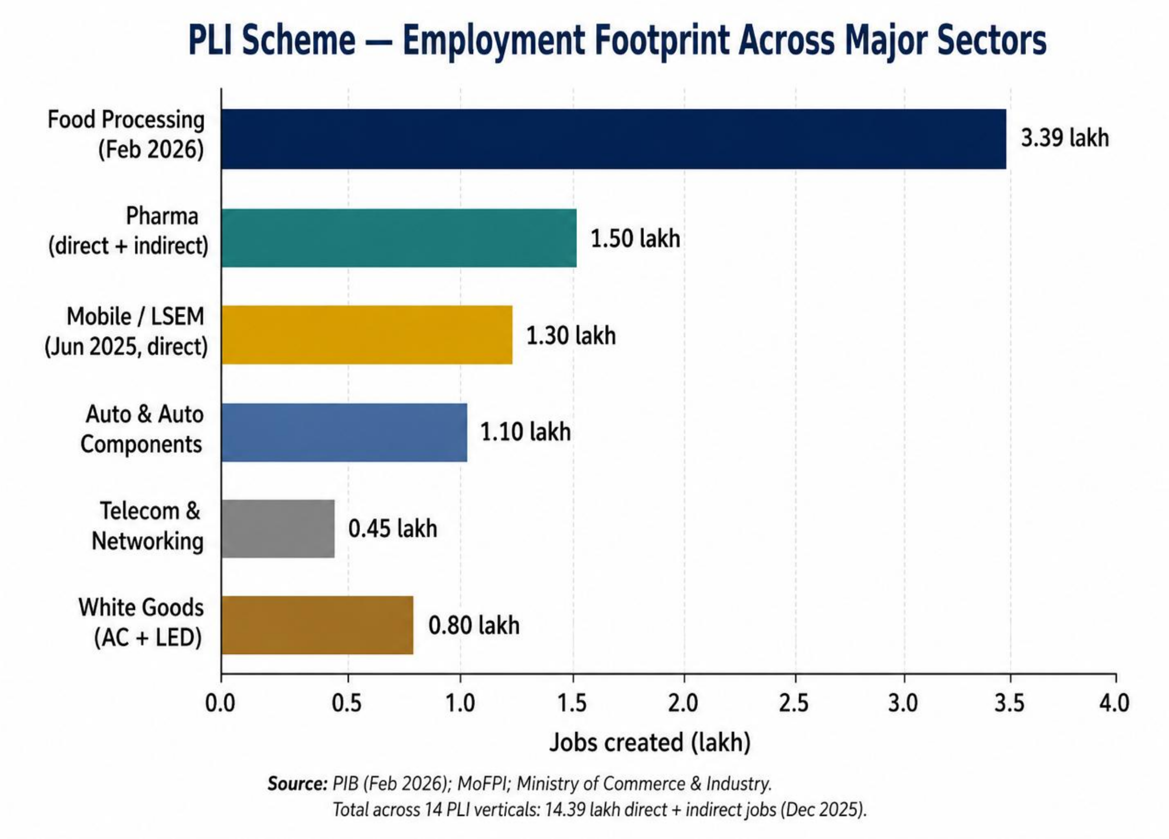
The PLI scheme alone has created more than 14.39 lakh direct and indirect jobs across its 14 verticals as of Dec. 31, 2025[14], with every direct manufacturing job typically supporting three to four more in components, logistics and ancillary services.

The total employment footprint of PLI-anchored FDI now stretches into millions of livelihoods nationally.

Within this aggregate:

- The Mobile and Large-Scale Electronics PLI scheme created 1,30,330 direct jobs by June 2025.[15]
- The Food Processing PLI created approximately 3.39 lakh direct and indirect jobs by February 2026 exceeding the original scheme target of 2.5 lakh.[16]
- Pharma, auto components, white goods, and telecom verticals add another 3-4 lakh positions between them.

Figure 5: PLI sectoral employment break-up. Source: PIB (Feb 2026); MoFPI; Ministry of Commerce & Industry.

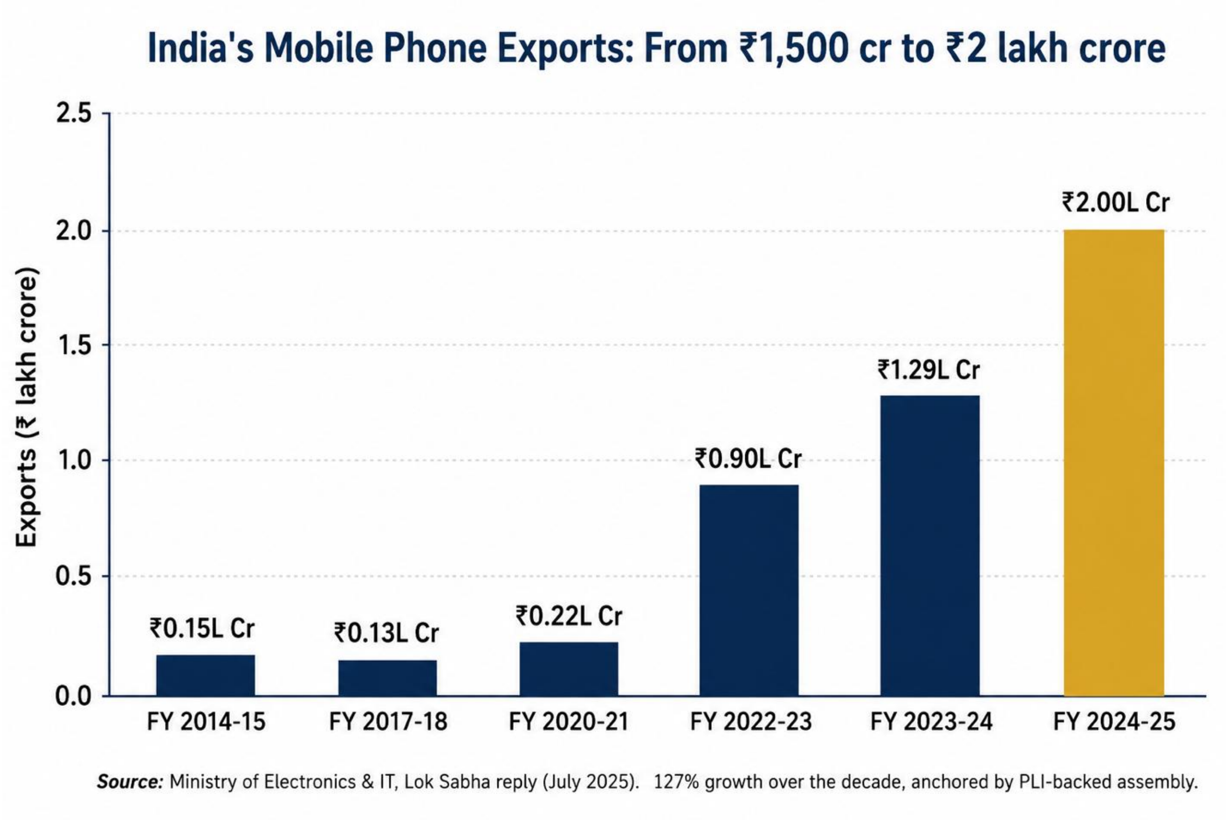


Mobile Export Boom and Its Employment Dividend

The FDI-employment-trade trinity is better understood when viewed through India's mobile-phone export.

Mobile-phone exports have multiplied 127 times, from INR 1,500 crore in FY 2014-15 to INR 2 lakh crore in FY 2024-25.[17] Over the same period, India's share of imports in domestic mobile demand has reduced from 75 percent to 0.02 percent. Overall electronics production grew from INR 1.9 lakh crore in FY 2014-15 to INR 11.3 lakh crore in FY 2024-25, while mobile production alone rose 28-fold to INR 5.45 lakh crore.[18]

Figure 6: India's mobile phone export trajectory, FY 2014-15 to FY 2024-25. Source: Ministry of Electronics & IT.



Wage and Skill Effects in Tier-2 and Tier-3 Geographies

FDI manufacturing has also produced jobs in Tier II and Tier III cities of India addressing the aspirations of non-urban population.

- Districts hosting PLI plants including Sriperumbudur, Sanand, Hosur, Devanahalli, Greater Noida, Pune-Chakan, Sri City have seen formal-sector wages, real-estate values, retail footprint and small-business registrations rise faster than the national average in the three to five years after an anchor investor arrives.
- Apprenticeship and certification programmes within these facilities have skilled more than 200,000 workers.[19] Microsoft's AI skilling, Google's career certificates, AWS Academy university partnerships and Apple's iOS developer academy in Bengaluru feed a talent pool that Indian start-ups and mid-tier firms draw on.

Table 5: Selected foreign-anchor employment footprint in India

Anchor Investor	Indian Hub	Direct Workforce (est.)	Strategic Function
Foxconn (Hon Hai)	Devanahalli, Karnataka	30,000 (target: 50,000 by end-2026)	iPhone 16/17 final assembly
Foxconn (TN unit)	Sriperumbudur, Tamil Nadu	~41,000	iPhone assembly
Samsung	Noida + Sriperumbudur	Several thousand direct; ~2,300 at SRI-Noida R&D	Smartphones, displays, R&D
Tata Electronics	Hosur (TN) / Dholera (Gujarat)	Multi-site workforce build-up underway	iPhone enclosures + semiconductor assembly
Micron	Sanand, Gujarat	~5,000 (Phase 1, ramping)	Semiconductor assembly, test & packaging

Multiplier: From Assembly Lines to Innovation Clusters

The second-order significance of FDI-driven employment lies in the human-capital multiplier. Alumni cohorts of Samsung, Foxconn, Amazon Web Services, Microsoft, and Apple have populated the engineering and product-management benches of India's deep-technology start-up ecosystem.

> ***Founders and senior engineers at firms such as Ola Electric, Ather Energy, Razorpay, Freshworks, Zohotrace their formative work experiences to foreign anchor employers.***

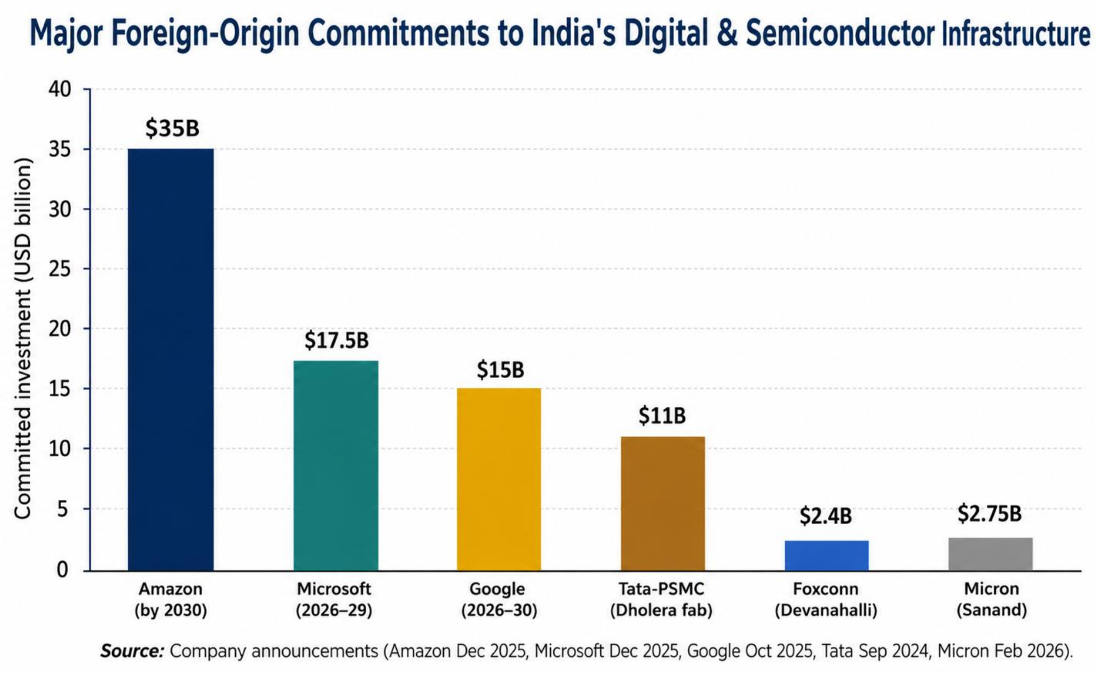
2.3 A Physical Footprint Spanning Fifteen States

Section 2.2 demonstrated that foreign capital creates jobs at scale. This section makes the related but distinct point that FDI also creates physical assets which remain on Indian soil regardless of the future trajectory of the investor.

Transnational players have operationalised or expanded over 200 manufacturing facilities, hyperscale data centres, and advanced testing laboratories in India since 2020, frequently in greenfield corridors that catalyse ancillary industrial clusters. These assets constitute permanent infrastructure stock.

The most striking recent demonstration came in late 2025, when three of the world's largest technology firms announced cumulative India commitments approaching USD 70 billion within four weeks; Amazon (USD 35 billion by 2030 across cloud, fulfilment and AI)[20], Microsoft (USD 17.5 billion over 2026-2029, its largest in Asia, anchored by a Hyderabad cloud region)[21] and Google (about USD 15 billion over 2026-2030 for a gigawatt-scale AI hub in Visakhapatnam).[22]

Figure 7: Major foreign-origin commitments to India's digital and semiconductor infrastructure. Source: company announcements (2024-2026).



Semiconductor Footprint — From Announcement to Operational Plant

On 28 February 2026, when Micron Technology inaugurated its USD 2.75 billion Assembly, Test, Marking and Packaging (ATMP) facility in Sanand, Gujarat[23], it once again reaffirmed that commitments which translate into operational reality are key to economic upliftment.

At full capacity, the Sanand facility is expected to account for up to 10 percent of Micron[24]'s global output.

A notably deeper semiconductor pipeline is taking shape.

- Tata Electronics, in partnership with Taiwan's Powerchip Semiconductor Manufacturing Corporation (PSMC), is building India's first AI-enabled greenfield fabrication plant in Dholera, Gujarat.
- Tata Group's multi-fab vision for Dholera, including an OSAT facility in Jagiroad, Assam, is projected to create over 100,000 skilled jobs at full operation.[25] Dholera is being planned as the country's first greenfield smart industrial city designed around semiconductor manufacturing.

R&D Hubs and Global Capability Centres as Permanent Infrastructure

Infrastructure also includes the dense cluster of research and development facilities, captive engineering centres, and innovation campuses that foreign firms have built in India over the past two decades.

- Samsung Research Institute in Bengaluru is the largest R&D centre in its global network outside South Korea.
- Google's research campuses in Hyderabad and Gurugram, Microsoft's Bengaluru and Hyderabad campuses, and IBM's Bengaluru and Pune facilities are clusters of innovation.

The broader Global Capability Centre (GCC) phenomenon examined in greater depth in Section 2.4 — has produced 2,117 centres employing roughly 1.9 million professionals across the country.[26]

Logistics, Ports, and the Supplier Ecosystem

FDI in physical infrastructure extends beyond high-visibility hyperscale plants to logistics and supplier ecosystems that surround them. These clusters reduce logistics costs, shorten lead times, facilitate joint problem-solving, and progressively increase the share of domestic value-addition in finished products.

- Amazon has stated that its platform has facilitated approximately USD 20 billion of Indian exports to date and aims to quadruple this to USD 80 billion by 2030[27] much of which depends on building out warehousing and logistics capacity in Tier-2 and Tier-3 cities.

Similar dynamics apply to electronics manufacturing.

Permanence and Multiplier of Physical Infrastructure

Two features of FDI-financed infrastructure are worth underlining for policy purposes.

- First, the multiplier on physical infrastructure is high. A USD 1 billion investment in a data centre region typically catalyses USD 2-3 billion of related investment in power generation and transmission, fibre-optic networks, cooling and water infrastructure..
- Second, the geographic distribution of recent infrastructure FDI is notably broad. Maharashtra and Karnataka remain dominant, but Andhra Pradesh (Visakhapatnam), Gujarat (Sanand, Dholera), Telangana (Hyderabad), Tamil Nadu (Sriperumbudur, Hosur), Assam (Jagiroad), and Uttar Pradesh have all secured anchor investments that will reshape their local economies. This geographic broadening is itself a strategic asset and decongests our metros.

Policy Implications

Two priorities follow from the infrastructure evidence.

1. First, the speed of regulatory approvals and land allocation continues to be the single largest determinant of whether announced commitments translate into operational plants. The state governments of Gujarat, Karnataka, Tamil Nadu, and Andhra Pradesh have demonstrated that time-bound execution wins anchor investors; other states should adopt these benchmarks.

2. Second, India should continue to deepen and broaden the supplier ecosystems around anchor facilities through ECMS and related component-indigenization schemes, ensuring that the multiplier from each new plant accrues maximally to domestic value-addition.

2.4 Technology and Knowledge Transfer: From Assembly to Design

Question Behind the Question

Critics of FDI-led manufacturing have apprehended that India risks being trapped at the lowest tier of global value chains. This was a reasonable concern in the mid-2010s, when iPhones were imported in semi-knocked-down form and assembled together in India. It is increasingly an outdated concern in 2026.

Evidence across electronics, automobiles, pharmaceuticals, and semiconductors suggests that meaningful technology and indigenous design capability are accumulating in India.

- A foreign anchor firm sets up assembly operations in India. To meet quality and cost targets, it brings in process engineering, automation systems, and supplier development practices that did not previously exist locally.
- Domestic suppliers initially provide low-value packaging and casing; over time, they progress to higher-value sub-assemblies.
- Indian engineers initially trained on imported equipment progress to operating, then optimising, then redesigning that equipment.

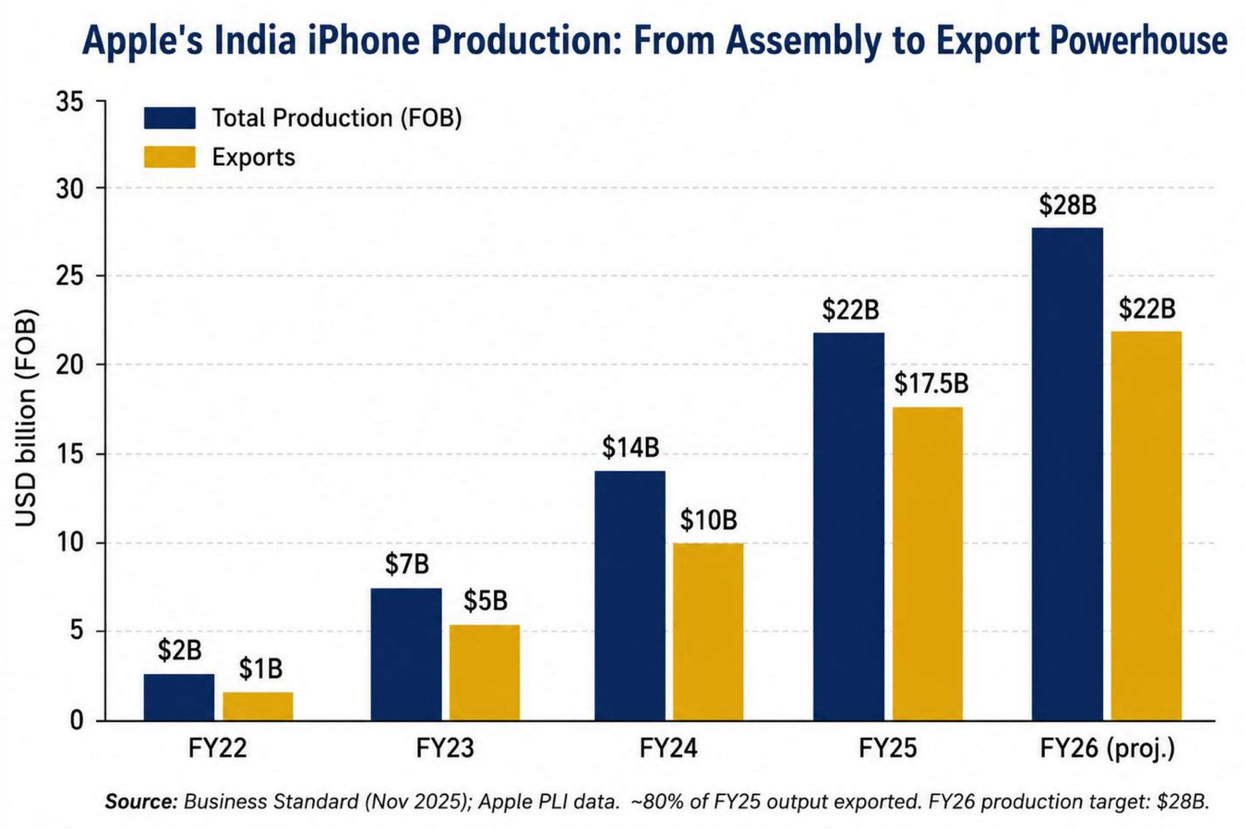
Within five to ten years, a low-value assembly operation typically generates a deeper ecosystem of design, engineering, and intellectual property.

From Assembly to Component Design

Apple's Indian operations are the most documented example of this transition. In FY22, the company produced approximately USD 2 billion of iPhones in India. By FY25, that figure had risen to USD 22 billion on a free-on-board basis, with USD 17.5 billion exported, making iPhones one of India's single largest export categories. FY26 is on track to reach USD 28 billion in production.[28]

India now hosts five iPhone assembly facilities[29], including the new Tata Electronics plant at Hosur and Foxconn's Devanahalli campus, both of which came online in 2025.

Figure 8: Apple's India iPhone production and exports trajectory. Source: Business Standard (Nov 2025); Apple PLI disclosures.



- Moreover, Tata Electronics has progressed from being a precision-machining supplier of iPhone enclosures to operating a full assembly line, a vertical-integration move that required significant in-house process engineering and quality-system capability.

By FY26, Tata and Foxconn are contributing almost equally to iPhone exports, with Tata's smaller plant employing more than 19,000 workers and the larger Foxconn unit employing more than 42,000.[30]

Semiconductor Technology Transfer Pipeline

The semiconductor projects of 2024-2026 show that technology transfer can be designed in the investment itself.

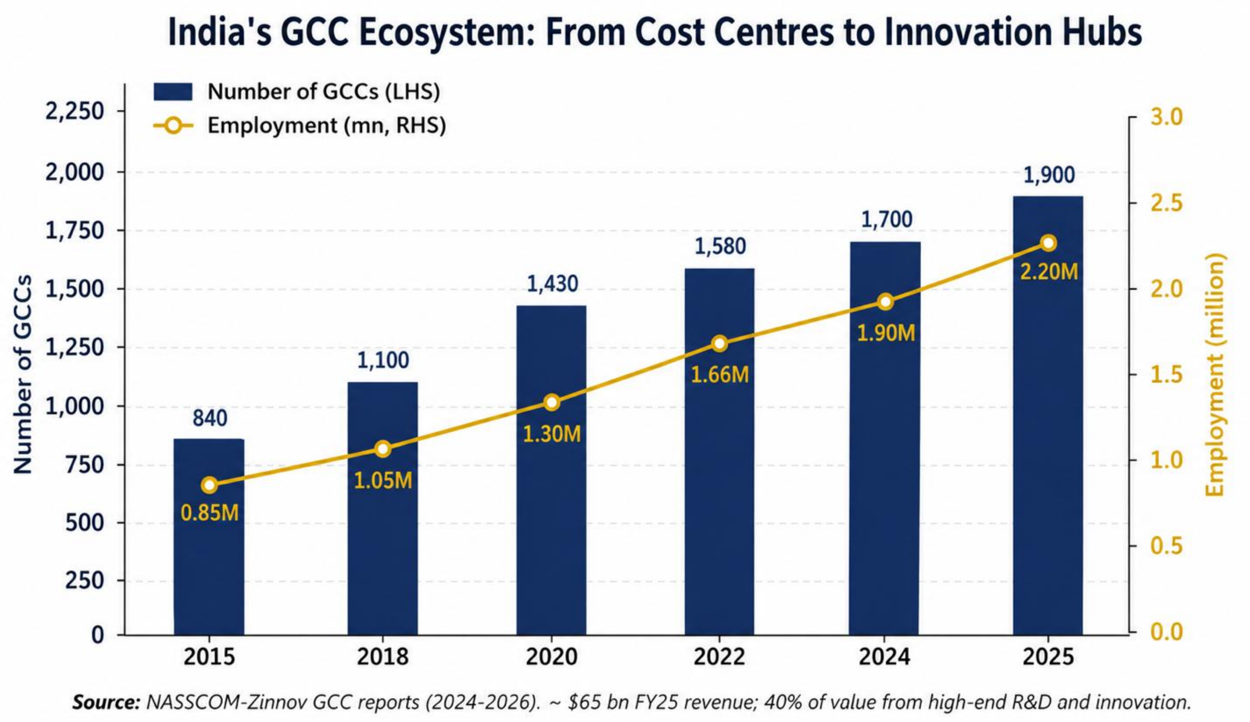
Behind flagship projects, a deeper pipeline is taking shape under the India Semiconductor Mission. Approved semiconductor projects in Assam, Uttar Pradesh, Odisha, and Punjab, alongside Tata's Jagiroad OSAT, will collectively transfer to India the operational know-how for assembly, testing, and advanced packaging of chips for automotive, AI, and industrial applications.

India's current focus is on 28-110nm nodes; the stated ambition is to reach 7nm by 2030 and 3nm by 2032[31], with the relevant technology partnerships being negotiated now.

Rise of Global Capability Centres as Innovation Engines

Outside the manufacturing economy, the most significant technology-transfer story of the past decade has been the evolution of Global Capability Centres (GCCs). India hosts over 2,100 GCCs employing approximately 2.4 million professionals as of May 2026 generating around USD 65 billion in annual revenue and projected to reach USD 100 billion by 2030.[32]

Figure 9: India's GCC ecosystem — number of centres and direct employment



What distinguishes today's GCCs from the call-centres and back-office operations of the early 2000s is the proportion of high-value work they handle.

NASSCOM analysis suggests roughly 40 percent of the value generated by GCCs in India now comes from high-value functions such as R&D, digital transformation, and product innovation.[33]

> ***Roughly 40 percent of the value India's GCCs generate now comes from R&D, digital transformation and product innovation.***

The number of global C-suite and product-leadership roles held from India is forecast to grow from negligible in 2015 to over 30,000 by 2030.[34]

These outcomes constitute genuine technology transfer, not merely labour-market arbitrage.

Policy Suggestions

Three policy suggestions follow.

First, technology-transfer expectations should be rooted explicitly in major schemes both at the entry stage (eligibility criteria) and on an ongoing basis (KPIs for sustained R&D activity, patent filings, and supplier development).

Second, the GCC ecosystem should be actively nurtured as a national strategic asset fast-tracked work visas, and active state-level GCC policies. A coordinated central framework would amplify their efforts.

Third, the start-up ecosystem that draws talent from foreign-anchor employers should be reinforced through patient capital, deep-tech R&D grants, and structured industry-academia partnerships, so that the human-capital multiplier generated by foreign firms compounds into globally competitive Indian-origin ventures.

2.5 Human Capital Development: Skilling, Apprenticeship, and Startup Spill overs

Demographic Question and Why It Matters

India's most-cited statistic is its median age around 28 years, against 38 for China and 48 for Japan.[35] Demographers project that India will add more than 100 million people to its working-age population over the next decade.

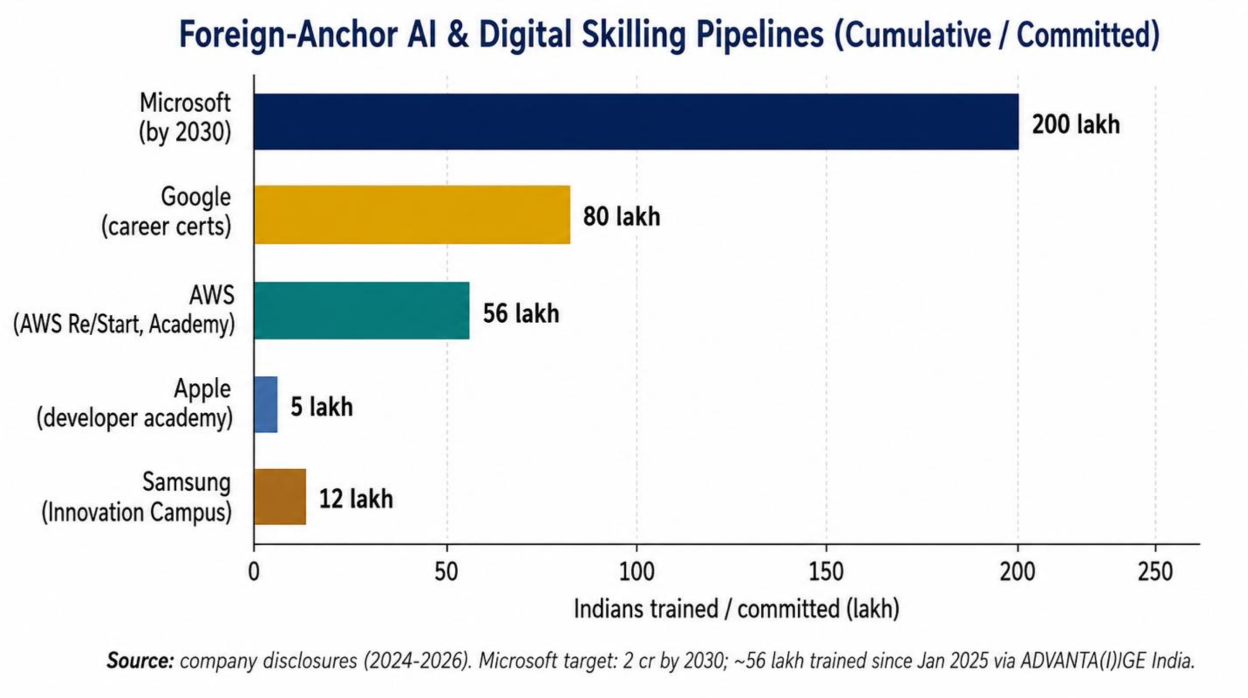
With skill and employment opportunities of sufficient scale and quality this workforce becomes the single largest engine of inclusive growth available to any economy in the world today.

FDI is centrally placed in this story.

Foreign-Anchor Skilling Pipelines

Alongside the public skilling architecture, foreign anchors have built proprietary training pipelines of substantial scale.

Figure 10: Foreign-anchor AI and digital skilling pipelines. Source: company disclosures (2024-2026).



Together, these foreign-anchor pipelines have helped over 500,000 young Indians acquire frontier competencies[36] in AI, cloud, design engineering, advanced manufacturing, and renewable-energy technologies.

Skills Gap and What Remains to Be Done

Three operational priorities are suggested.

First, occupational standards must be regularly updated to reflect frontier technologies particularly in IoT devices, AI, semiconductor process engineering, advanced battery chemistry, and green hydrogen.

The National Council for Vocational Education and Training, in consultation with industry, should publish revised standards on a rolling basis, drawing actively on the recognised, best-in-class firms

Second, training capacity must be expanded ahead of demand in Tier-2 and Tier-3 cluster locations by ITIs in coordination with major foreign-anchor facilities expected to come up in the geography.

Third, the credit architecture should be standardised across foreign-anchor training programmes. A Samsung-trained technician, a Vivo-trained line operator, and a Tata Electronics apprentice should all receive nationally recognised, portable credentials that allow them to demonstrate their skills to subsequent employers. This can be achieved by agreeing to equivalence benchmarks between corporate training programmes as recognised by National Skills Qualifications Framework

A young person who enters an assembly line at 19, becomes a certified line supervisor at 24, completes a Skills certification at 28, and joins an Indian deep-tech start-up at 32 represents the precise mechanism by which the country's age advantage is being translated into productivity.

Foreign capital is funding the first three stages at scale; the Indian-origin start-up that creates jobs and intellectual property domestically closes the loop.

2.6 Mobile Ecosystem and Digital Public Infrastructure

Over the past decade, the mobile handset and consumer-electronics ecosystem has become the primary interface through which Indians access the state, markets and essential services. Affordable, locally assembled smartphones and related devices backed by foreign capital, design and supply chains have converted India's Digital Public Infrastructure (from Aadhaar and UPI to DigiLocker and tele-medicine platforms) into a genuinely mass platform. Each additional smartphone is a new access point into banking, identity, welfare, education and work for a household.

Consequently, the contribution of handset manufacturers and their allied ecosystems must also be evaluated in terms of their contribution to digital inclusion, financial access and human-capital outcomes they enable at population scale.

With 488 million users, rural India now accounts for 55 percent of the country[37]'s total internet population.

According to the Ministry of Statistics and Programme Implementation (MoSPI), 85.5 percent of Indian households now own at least one smartphone.[38]

Even more striking: among rural youth aged 15–29, about 95.5 percent own a smartphone among those who already own a mobile phone. On the connectivity side, rural internet penetration is reported at 78 percent as of end-2024 (from 59 percent four years earlier).[39]

2.6.1 Enabling Universal Digital Access and DPI Integration

For a majority of Indians, especially in lower-income and rural segments, a smartphone is the often only computing device they own, and thus the primary on-ramp to India Stack and other DPI layers.

From a policy perspective, handset and consumer-electronics players are therefore not just suppliers in an industrial value chain, but critical infrastructure partners for India's DPI architecture.

Any framework that computes socio-economic value add must incorporate indicators such as first-time internet users enabled, depth of DPI usage among their customer base and device affordability in the bottom income deciles,

Social Sector Transformation: Direct Benefit Transfers and the JAM Trinity

India's welfare architecture has undergone a structural shift from in-kind, intermediary-heavy delivery to a direct, account-based model anchored in the JAM trinity i.e. Jan Dhan bank accounts, Aadhaar identity and mobile connectivity. Subsidies, pensions and cash support are routed straight into beneficiary accounts, with mobile phones serving as the real-time interface for authentication, transaction alerts and grievance redressal.

Cumulatively, Direct Benefit Transfer (DBT) has touched more than INR 35 lakh crore since inception, across over 300 schemes and more than 50 ministries.[40]

For several households, especially in rural and remote areas, an inexpensive smartphone or feature phone is often the only way to receive SMS alerts, check balances, validate transactions and access UPI or bank apps, turning the device into a portable welfare terminal.

Foreign investors and consumer-electronics manufacturers that localise production in India have materially expanded the availability of low-cost, internet-enabled devices that make this model workable at population scale.

Their investments in domestic assembly, supply chains and after-sales networks have lowered entry-level price points and improved device reliability, particularly in Tier-2 and Tier-3 markets where DBT dependence is high.

In a contribution-based framework, the handset ecosystem's role in enabling this mobile-led payments shift should therefore be recognised as a core public-interest function, not merely a private commercial activity.

Section 3 : Policy Gaps & Fair Treatment Framework

India is no longer competing for any FDI — it is competing for the right kind of FDI.

If the evidence in Section 2 shows how much foreign firms contribute, the next question is whether India's policy framework treats them on that basis. This Section maps the remaining gaps and sets out a fair-treatment framework anchored in measurable contribution.

3.1 Current barriers: Tariffs, approvals, and origin bias

At the level of principle, differential treatment of foreign firms based on national origin impacts India along two distinct channels; one, it discourages foreign firms from committing to investment, technology transfer, and being rooted. Two, it exposes Indian firms to reciprocal restrictions and retaliatory friction when they operate beyond national borders.

Tariff volatility and investment delays

- The most immediately legible source of uncertainty lies in India's tariff regime. Repeated customs-duty changes coupled with their subjective inferences on electronics, components, and intermediate goods, create an uncertain cost environment that is fundamentally incompatible with long-cycle capital investment.
- Firms building seven-to-ten-year manufacturing businesses have to therefore price in the risk of mid-course reversals. This raises India's hurdle rate relative to competing destinations such as Vietnam, Indonesia, and Mexico, which have pursued more stable and predictable tariff environments.

This tension exists alongside India's flagship Production Linked Incentive (PLI) programme. The scheme, spanning fourteen sectors, had by early 2025 approved over 836 applications, with realised investments of approximately INR 2.16 lakh crore alongside INR 20.41 lakh crore of cumulative production and INR 8.3 lakh crore of exports.[1] The realised investment still trails the pipeline.

Approval timelines and regulatory fragmentation

On the approvals side, enterprise surveys suggest that it still takes several months to secure all permissions needed to operationalise a new manufacturing facility, with construction-linked clearances alone stretching above 100 days in many jurisdictions.

- There is a need for nationally consistent, time-bound 'single window'; firms frequently confront sequential clearances with cumulative delays that erode project IRRs and tilt board-level decisions.
- Inter-state variation in documentation norms and enforcement practices further impact business efficiencies.

While Regulatory Compliance Burden initiative has resulted in over 42,000 compliance reductions under 670 central acts[2], it needs to be reduced further by consolidating state-level labour compliances, cutting the number of local building and construction permits, streamlining GST Input Tax Credit (ITC) rules, speeding up environmental clearances, strictly enforcing contract timelines, and simplifying rules over statutory laws and municipal licences among others that clog the economic arteries.

Origin-based screening of foreign investment

Superimposed on these measurable challenges is a less visible layer of origin-linked uncertainty. Applications involving capital or technology from specific jurisdictions sometimes face longer evaluation cycles and more intensive vetting, even in sectors not classified as 'critical' in any published framework.

This is partly a legacy of the Press Note 3 (2020) amendments[3], which require government approval for investments from countries sharing a land border with India. There is an absence of a clear, codified framework specifying defining security risk, listing sensitive sectors, the mitigation structures short of exclusion exist, and time-bound decisions.

As of mid-2025, around 200 proposals remained pending in evaluation cycles, slowing the entry of suppliers particularly in electronics and EV manufacturing.

Implicit domestic-champion within the PLI scheme

Even within PLI, scheme design and implementation have at times reflected an implicit inclination towards domestic-championing.

A particularly illustrative case is the proposed USD 1 billion investment by Chinese EV and battery manufacturer BYD, in partnership with Megha Engineering & Infrastructure Ltd. Submitted in 2023, it envisaged a large-scale EV and battery facility in Hyderabad with initial capacity of 10,000–15,000 vehicles annually plus indigenization of battery systems moving BYD beyond low-volume assembly into full-scale manufacturing.[4] Since it involved capital from a land-bordering country, it fell under the Press Note 3 framework and entered a multi-agency review spanning DPIIT, the Ministries of Home Affairs, External Affairs and Heavy Industries, and security agencies.

Despite the scale of the investment and India's simultaneous policy push for EV indigenization under schemes such as FAME and PLI, the proposal remained stuck in inter-ministerial scrutiny before ultimately being rejected in July 2023.[5] As a result, BYD was effectively allowed to continue operating commercially in India, importing and assembling vehicles within the existing frameworks, but faced resistance when attempting a major vertically integrated manufacturing expansion. The issue was not market access per se; it was the regulatory and strategic scrutiny attached to it.

The BYD episode was significant because it showed how large investments in electronics-intensive sectors can encounter overlapping approval layers.

3.2 Proposed Yardstick: The “India-Plus” Contribution Scorecard

Today, a foreign company setting up operations in India navigates a labyrinthine maze. Two firms with very similar proposals can get very different answers, and the difference may sometimes have less to do with what they bring to India than with where they happen to be headquartered.

This unpredictability is itself a cost that the highest-quality investors would want to avoid.

The case for an India-Plus Contribution Scorecard is lucid. India is no longer competing for any FDI; it is competing for the *right kind* of FDI.

> **India-Plus Contribution** "India" signals the origin-neutral principle: every firm, foreign or domestic, is judged by the same yardstick, dropping country-of-origin labels. "Plus" signals additionality i.e. the surplus a firm leaves behind beyond its own profit, in domestic value addition, exports, skilled jobs, supplier ecosystems and transferred know-how. And "Contribution" reframes the question from *"is this firm Indian?"* to *"what does this firm add to India?"*

- The scorecard proposed here is a public, weighted rating of every foreign investor across ten parameters. Each parameter is scored 0 to 100.
- The weighted total is the firm’s India-Plus Contribution score.
- Firms scoring well earn faster clearances, and lower compliance burden.
- Firms scoring lower scores are given a clear, time-bound improvement plan.

The point is to make sure that the capital we let in is worth the runway it gets.

A workable framework should be able to tell a Suzuki, a Samsung, or a Schneider apart from a passive portfolio investor, and that can be done on the basis of contribution alone.

Saudi Aramco’s *IKTVA* (In-Kingdom Total Value Add) programme

Saudi Aramco’s *IKTVA* (In-Kingdom Total Value Add) programme launched in 2015 scores every foreign supplier[6] on a single weighted formula that captures locally sourced goods and services, Saudi salaries, training and development, supplier development, in-Kingdom R&D, and a capped credit for exports.

- Each supplier gets a score; Aramco then concentrates its purchase orders, long-term contracts and capacity-expansion partnerships among the high scorers.
- Local content in Aramco’s procurement spend has risen from 35 percent in 2015 to 67 percent in 2024, more than 350 new local manufacturing facilities have been set up at a cumulative capital expenditure of over USD 9 billion.[7] Global majors such as Schlumberger, Halliburton, Baker Hughes, GE and Siemens have built real Saudi production capacity rather than ship in finished goods.

The India-Plus scorecard builds on the same instinct applied across more parameters, and a wider spectrum of economic indicators rather than within a single anchor buyer. The revised contribution parameters and proposed weights are summarised in the table below.

Table 6. The India-Plus Contribution Scorecard — revised parameters and weights.

#	Parameter	Weight	What it measures
1	Productivity & value addition	15%	Value added per worker and per unit of capital; depth of domestic value-addition
2	Human capital: jobs, skilling & talent	15%	Quality-weighted employment, training and progression.
3	Exports & net forex earnings	12%	Net exports (exports minus embedded imports) over a rolling three-year window
4	Supplier ecosystem & MSME integration	12%	Share of inputs sourced from Indian firms, with a premium for MSMEs
5	Technology transfer & co-development	10%	Voluntary transfer/co-development and India-originated IP
6	Investment deployed	10%	Capital actually deployed (rolling cumulative, annual snapshots);
7	Market-relevant innovation	10%	Value-adding adaptation for Indian conditions (features, service, durability)
8	R&D & innovation footprint	8%	India-domiciled R&D, engineers employed, patents from India-resident inventors; builds talent & forex
9	Environmental footprint	5%	Renewable energy usage, water intensity, e-waste handling
10	CSR & community development	3%	Verified social spend and reach, aligned to national priorities
	Total	**100%**	

3.2.1 Productivity & value addition (15 percent)

Of all the metrics on the scorecard, productivity decides whether foreign investment leaves India genuinely richer or merely busier. The parameter carries the joint-highest weight because it captures what headcount alone can hide: value added per worker and per unit of capital, and the depth of value addition that actually takes place on Indian soil.

It rewards firms that raise output per worker, deepen the share of value created in India, and climb the value chain over time — from assembly to components, and from components to design.

This is the parameter that directly addresses the productivity gap which has limited the returns from earlier waves of manufacturing investment.

The scorecard tilts the incentive decisively towards genuine value addition rather than assembly throughput as the real test of contribution.

3.2.2 Human capital: jobs, skilling & talent (15 percent)

The scorecard would give significant weight to firms hiring Indians, but with a twist: it would count not just the headline number, but also the quality of those jobs, indirect jobs induced by the investment, whether the investment has created opportunities in smaller cities, pay scale, and gender inclusion.

Foxconn's Devanahalli ramp-up was 30,000 jobs in a district where formal manufacturing employment for women had been negligible.[11]

Beyond hiring, this parameter also rewards skilling and talent development.
The skilling parameter measures the cumulative number of Indians trained by the firm, formal partnerships with skilling institutions, and the share of trained candidates who get placed.

Schneider Electric's India Foundation has trained over 189,000 youth as electricians since 2009 through more than 500 centres, including close to 7,000 women.[12]

South Africa's B-BBEE scorecard takes skills development is one of its five pillars, with a sub-minimum requirement that firms hit at least 40 percent of the prescribed targets[13] before they can earn higher compliance levels.

3.2.3 Exports & net forex earnings (12 percent)

A factory in India that ships finished goods to the rest of the world is doing two things at once; One, it is contributing to Make in India. Two, it is improving the country's balance of payments.

The scorecard would reward both.

Two cautions, however, would shape how this is measured. First, the meaningful number is net of exports minus the imports. Second, exports should be measured over a rolling three-year window so that one-off spikes (or one-off dips, for that matter) do not distort the score.

The international precedent for tying preferential treatment to exports is well established. Vietnam's special economic zones, China's coastal export-processing zones in the 1980s and 1990s, and the EU's Net-Zero Industry Act, which sets a binding target that 40 percent of EU-deployed net-zero technology be made in Europe by 2030[8], all use a version of the same logic.

3.2.4 Supplier ecosystem & MSME integration (12 percent)

A foreign firm's true depth shows up based on how deep its supplier networks run in India. A factory that imports 80 percent of its components is, in effect, an assembly line dressed up as Make in India. A factory that procures from Indian MSMEs is the seed of an industrial cluster.

The scorecard explicitly rewards supplier localisation, with bonus weight for sourcing from MSMEs and from firms based outside the largest metros.

In Thailand's auto industry, carmakers including Toyota, Honda, Mitsubishi were pulled in. The country exports more than 1.5 million vehicles a year[9] and keeps profits along the value chain.

In 2014, just four Vietnamese firms were first-tier suppliers to Samsung. This rose to 50 by 2020 and over 210 Vietnamese firms were a part of Samsung[10]'s supply chain in some way. The Vietnamese government and Samsung jointly invested in supplier development.

India can build the same loop.

3.2.5 Technology transfer & co-development (10 percent)

Capital can leave; know-how, once learned, tends to stay. The scorecard assesses whether a foreign firm is bringing real technology into India, and not shipping in pre-made products.

For example, Bosch India. By establishing its largest development center outside Germany, Bosch drives significant technology spillovers, pioneering localization in smart manufacturing and next-generation electric vehicle architectures through local joint ventures. Bosch India directly employs a robust workforce of over 38,000 highly skilled professionals.[14]

India already has an open architecture for FDI. In continuation, voluntary co-development and capability-building can be recognised and incentivised through faster clearances and scheme eligibility. The scorecard would measure this by counting formal training programmes for Indian engineers, and partnerships with IITs, IIITs and NITs.

3.2.6 Investment deployed (10 percent)

Headline FDI numbers are the most visible measure of contribution and they matter. However, capital must be assessed by the durable value it builds i.e. productivity, technology depth, exports and supplier linkages.

For this reason, the scorecard would weight gross investment moderately, at 10 percent, and would tighten the measurement.
Two refinements are key.

- **One, the metric should be capital actually deployed, not capital announced.** The scorecard would only count what hits the ground.
- Second, capital deployed in R&D and digital infrastructure would carry more weight than capital deployed in acquiring existing Indian assets.

The recent investments deployed in the semiconductor smart industrial city at Dholera give a sense of scale.

3.2.7 Market-relevant innovation (10 percent)

This parameter assesses whether a firm only offers globally standardised models with minimal local adaptation or has a segment to cater to the Indian market as well.

The answer matters because India is no longer a small market. India is one of the world's largest auto markets, smartphone markets, and consumer goods markets, and we have our own road conditions, our own price points, our own languages and our own preferences.

The scorecard would recognise firms that undertake product design, engineering, R&D, or innovation activities in India that address local market conditions, resource constraints, climatic environments, linguistic diversity, or developmental challenges. Additional consideration may be given where innovations developed in India are subsequently commercialised in global markets, demonstrating India's role as a source of product development rather than merely a destination for consumption.

Hyundai's Creta has been India's number-one mid-size SUV since 2020 and became the country's best-selling passenger vehicle outright in June 2025.[17]

3.2.8 R&D & innovation footprint (8 percent)

The R&D parameter asks how much technology is being created in India. It counts India-domiciled research, the engineers employed in it, and patents filed by India-resident inventors, the footprint that builds both talent and forex over time. Two examples show how far this has already come:

- Samsung's R&D Institute Bangalore, which is the company's largest R&D centre outside Korea has filed more than 11,000 patents, of which over 3,500 are filed in India itself[15], making it among the country's largest private-sector patent filers.
- Boeing's Bengaluru engineering centre, with over 5,500 engineers and a new USD 200 million campus[16], has shifted from being a back-office to designing for Boeing's global platforms.

3.2.9 Environmental footprint (5 percent)

Indian manufacturing is going to roughly triple in scale over the next decade. If we do not bake environmental performance into the way we evaluate foreign investors now, we will have a lot to answer to our generations.

The scorecard would measure four things:

1. Share of operations powered by renewable energy
2. Water consumption per unit of output
3. E-waste handling and recycling
4. Disclosure of Scope 1 and Scope 2 emissions on a verified basis

Bonus weight would go to firms whose Indian operations meet or beat their global benchmarks. The leading examples are already running ahead of where Indian policy demands.

Schneider Electric has committed to net-zero operations by 2030 and a net-zero value chain by 2050.[18] The scorecard would treat these as the new floor, not the ceiling.

3.2.10 CSR & community development (3 percent)

CSR carries an outsized signalling value. A firm that puts genuine money and effort into Indian schools, hospitals, water bodies and women's livelihoods is telling India something about its time horizon.

CSR is the parameter most visible at the village and district level, where most Indians experience a company's presence first-hand.

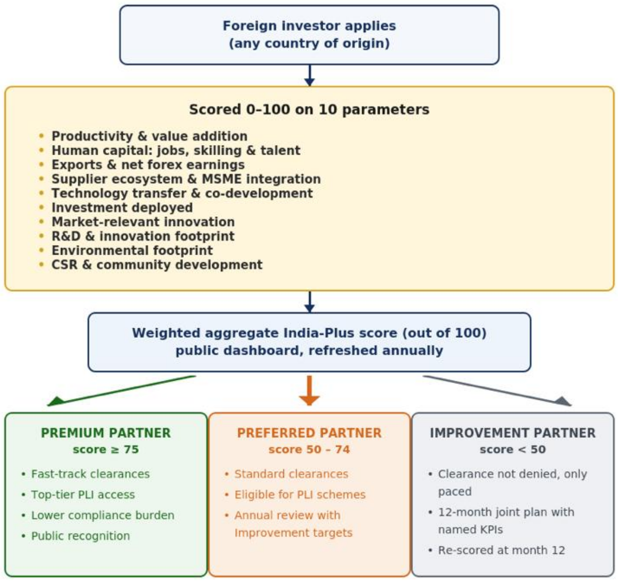
Vivo India offers a useful worked example of what serious, sustained CSR looks like in practice. Across its India operations, the company runs structured, independently recognised programmes reaching roughly 2.5 million people.[19] Its flagship programme, vivo Ignite, is run in formal partnership with CIET-NCERT (under the Ministry of Education), the IIT Madras Pravartak Technologies Foundation, and the UN Global Compact Network India. The third edition of Vivo Ignite drew over 37,000 student registrations from more than 9,000 schools across 660-plus districts, and was named Best CSR Project of the Year at the CSR Summit and Awards 2024.[20]

Its KanyaGyaan scholarship has supported 150 women from economically weaker backgrounds pursuing STEM degrees, with annual scholarships of INR 60,000 for up to three years each.[21]

During the COVID-19 second wave, vivoCares committed INR 10 crore in relief and donated oxygen concentrators worth INR 6 crore to government hospitals.[22] This demonstrates that the bar for serious CSR in India is already meaningful, measurable, and verifiable.

The scorecard would measure CSR contribution on three counts: verified spend as a share of Indian revenue; reach (people directly benefiting); alignment with national priorities (Aspirational Districts, NEP 2020, Swachh Bharat); and third-party impact assessment. Schedule VII of the Companies Act already provides the legal scaffolding; the scorecard turns existing CSR into a tracked, scored, comparable parameter.

Figure 11. How the India-Plus scorecard works in practice.



Making the scorecard work

A scorecard is only as useful as the discipline behind it. The India-Plus framework will be governed by three implementation rules.

First, every score must be public. A live dashboard, refreshed quarterly, would bolster investor confidence.

Second, the scorecard must be origin-neutral by design. It is imperative to move away from country-of-origin filters since some of India's deepest, most productive foreign partners in autos, in solar, in electronics, in mobile telephony come from jurisdictions with which we have complicated political relationships. The scorecard treats every firm by the same yardstick.

National-security review, which already operates as a separate filter under Press Note 3 and the FEMA framework, remains untouched. Contribution scoring and security screening are two realms; the scorecard does not undermine or interfere with the former.

Third, the consequence of a low score is improvement, not exclusion. The international experience, South Africa's B-BBEE, the UAE's Emiratisation[23], the US CHIPS Act's community-benefit agreements[24] show that scorecards work best when firms can see a clear path from the bottom of the table to the top.

India should make that path explicit. A 12-month improvement plan, drafted jointly with the firm, with specific KPIs and a defined review date, will produce better outcomes.

The India-Plus Contribution Scorecard is best applicable to sectors where economic contribution can be measured within a reasonable operating horizon, including manufacturing, semiconductors, electronics, digital infrastructure, services, and consumer industries. For long-gestation sectors such as defence, mining, large-scale infrastructure,, energy, and strategic *industrial projects, sector-specific evaluation frameworks shall be developed that account for extended investment cycles, phased deployment of capital, and delayed realization of economic outcomes.*

3.3 Equal playing field

For citizens, MSMEs and workers, it matters whether an investment creates good jobs, affordable products and reliable supply chains in India; not necessarily the geographical coordinates of its controlling shareholders. Any firm that crosses the India-Plus contribution thresholds, face the same rules as leading domestic groups in bids, subsidy disbursement and export clearances.

Any firm that meets the India-Plus Contribution Scorecard thresholds should receive equal treatment irrespective of ownership origin. Eligibility should be determined by measurable outcomes, not by comparisons with specific corporate groups

Competitive neutrality aligns policy with the interests of Indian consumers, workers and producers.

- On the consumer side, equal treatment shows up in prices, choice and quality. For example, intense competition between foreign and domestic device makers at critical price bands has helped push smartphone ownership.
- Equal rules shape the structure of opportunity in supply chains. When large foreign-origin manufacturers receive the same access to PLI disbursements and policy support as domestic conglomerates, they build deeper local supplier bases and vendor-development programmes.
- For domestic industry, competitive neutrality is a form of discipline when high-contributing foreign firms are treated on par in PLI evaluation.
- Uniform, contribution-linked criteria also improve governance. They reduce discretionary gatekeeping thereby improving regulatory clarity and contract enforcement that benefit smaller firms too.

3.4 An India-centric approach: openness with calibrated safeguards

The pitch above for the Indian invitation to foreign direct investment is genuine. However, it is without the loss of our national interests. As a nation, we have learned, through centuries of civilizational experiences, through our economic evolution, and through watching the cautionary tales of others that open doors and unguarded doors are not the same thing.

The Safeguards

Non-derogable national security clauses sit at the top of this hierarchy. Any foreign investment that touches critical infrastructure, such as telecommunications backbones, power grids, satellite systems, port logistics, financial clearing mechanisms must be subject to time-bound security screening.

We propose a 2 Tier architecture to further establish guardrails here:

Tier 1 — Contribution-evaluated sectors (consumer electronics, smartphones, EVs, solar, FMCG, automobiles, general manufacturing): The India-Plus Scorecard applies in full wherever possible. Origin is irrelevant beyond standard Press Note 3 disclosure. Fast-track clearance for high scorers at levels that are feasible after discussion with relevant stakeholders. This is where Vivo, BYD's EV assembly proposals, and similar cases sit.

Tier 2 — Security-sensitive sectors with contribution floors (telecom hardware, semiconductors for defence/government, data centre infrastructure serving critical systems, power grid equipment, port logistics technology): A dual-filter applies.

The lesson from nations that allowed critical infrastructure to fall into strategically hostile hands is well understood, therefore, the fact that economic interdependence is expensive has made this non-negotiable.

Data is the new oil. Hence, the data-localisation protocols. In an economy that is rapidly becoming data rich with agricultural yields, topological satellite feeds, credit scores, health records, and even biometric details, the location of data storage and the rules of data access are a national security issue. India's data governance framework is still evolving. It insists that certain categories of sensitive personal data, financial records, and government-facing data must be stored within Indian jurisdiction. This would ensure data security and more investment in localised data centres, cloud storages, and aligned infrastructural investments.

Critical IP escrow requirements complete the triptych of non-negotiable protections. When foreign entities bring proprietary technology into India, the framework increasingly demands assurance mechanisms to reduce dependency. Escrow arrangements for critical intellectual property ensure that knowledge transferred to Indian operations is permanent. This is a worldwide accepted intellectual property insurance to ensure that technology partnerships are genuine transfers.

The Audit Architecture

In a very welcome move, India has moved toward a third-party annual audit model for FDI compliance precisely because it serves multiple interests simultaneously.

For the government, independent audits provide reliable data about whether national-security obligations are being met and other compliance requirements are in order. For the foreign investor, the same audit process demonstrates abiding with the law of land through an approved and internationally acceptable process.

The objective is a governance framework that is mutually beneficial for all associated parties.

Most importantly, the most desirable FDI partners understand that a host country with enforceable rules is a more stable investment destination than one with nominal openness and structural fragility.

Section 4 : Sector Spotlights & In-Depth Case Studies

> ***Mobile imports fell from 75 percent of demand to near zero — foreign contribution converting into a rooted domestic industry.***

The contribution scorecard developed in Section 3 is best understood through concrete sectors.

4.1 Foreign Electric Vehicle Manufacturers in India

India is now the world's third-largest automotive market, and its EV market is projected to grow from about USD 4 billion in 2024 to roughly USD 18 billion by 2032.[1] Foreign-origin manufacturers like JSW MG Motor (the SAIC–JSW joint venture), Hyundai, Kia and a widening cohort of entrants are beginning to use India as an export base.[2]

The contribution pattern is the one already documented across Sections 3 1–3: what matters is localisation, employment, technology transfer and exports rather than the investor's country of origin. The India-Plus scorecard is designed to capture exactly these EV-sector contributions on an origin-neutral basis.

4.2 Indian renewable energy revolution

A case for solar module and cell manufacturing in India

From a modest installed solar capacity of under 3 GW in 2014, the country has scaled to over 130 GW of operational solar capacity as of late 2025, making it the world's third-largest solar power producer (PV-Tech, January 2026).[3]

One of the tangible contributions of foreign-linked solar manufacturing investment has been employment generation.

As of June 2025, the PLI scheme had created approximately 38,500 direct jobs across commissioned capacities. Joint ventures between Amp Energy and Websol created new direct manufacturing roles in a segment - cell fabrication (India Briefing, 2025).[4]

Beyond direct manufacturing jobs, the ecosystem effects are significant. Foreign firms bring sophisticated equipment, automation systems, precision testing infrastructure, and advanced deposition machinery, sourced from Germany, Switzerland, Japan, and the United States, as documented in the case of Vikram Solar (Vikram Solar LinkedIn, 2024).[5]

The manufacturing geography of the sector with facilities concentrated in Gujarat, Tamil Nadu, Rajasthan, and West Bengal reflects a regionally balanced employment pattern that aligns with India's broader goal of inclusive industrial growth.

Further, international capital has underpinned the largest capacity expansions. REC Solar, figures among the top five solar cell manufacturers in India, accounting with Waaree, Adani, Vikram, and Rayzon for 71 percent of India's total cell capacity. (PVknowhow, December 2025; Carbon Credits, February 2026).[6]

Contrary to the long-standing fear that large foreign firms would crowd out Indian manufacturing, these joint ventures have let Indian firms leapfrog technology generations.

Beyond employment generation, another visible demonstration of foreign-linked manufacturing's contribution is India's emergence as a significant global solar exporter.

- In FY 2024, India exported 5.8 GW of modules, i.e., three times the prior year's volume, with Waaree Energies, Adani Solar, and Vikram Solar each exporting more than half of their annual production (IEEFA, November 2024).[7]
- India currently holds a 3.8 percent share of global solar module exports (India Briefing, October 2025).[8] Export destinations are diversifying beyond the US to include Germany, the Netherlands, Spain, the UAE, Vietnam, and Brazil.

4.3 Electronics Manufacturing Ecosystem

Electronics is now among India’s largest import categories, and the government targets USD 500 billion in electronics manufacturing by 2030.[9] The firm-level evidence for this sector including Vivo, Samsung, Foxconn and the wider Apple supplier ecosystem is set out in detail in Sections 1.3, 2.2 and 2.4.

The headline shift is decisive.

Mobile imports fell from about 75 percent of domestic mobile demand in 2014 to a negligible share by 2025, mobile-phone exports reached roughly USD 30 billion[10]***, and value addition is moving from assembly toward component manufacturing under the Electronics Components Manufacturing Scheme.***

This is a clear illustration of foreign contribution converting into a rooted domestic industry.

Section 5: Roadmap and Recommendations

> ***India does not need to choose between self-reliance and strategic openness; one is the pathway to the other.***

The preceding Sections establish what foreign contribution looks like and how to measure it. This section turns measurement into action, setting out the instruments, owners and milestones needed to reward contribution in practice.

Summary of Recommendations

Short-Term (0–2 Years): The Contribution Visa

Launch a pilot fast-track approval framework for enterprises scoring above 70 on the India-Plus Contribution Scorecard.

- Qualifying enterprises receive 90-day single-window clearance covering land acquisition, environmental approvals, building permissions, and utility connections.
- The pilot runs across Uttar Pradesh, Gujarat, Tamil Nadu, and Karnataka.
- Environmental compliance, labour law, and national-security vetting remain non-negotiable.
- Every approval and delay is logged and audited to calibrate the national rollout.

Medium-Term (2–5 Years): National Value Index Dashboard

Establish a publicly accessible, continuously updated dashboard

- This ranks firms operating in India by verified contribution across five dimensions:
    - Productivity & value addition
    - Exports & net forex earnings
    - Supplier ecosystem & MSME integration
    - Human capital: jobs, skilling & talent
    - Technology transfer & co-development
- Scores are updated quarterly and independently verified annually, stratified by sector to enable peer comparison.
- Enterprises in the top quartile of their sector receive automatic eligibility for enhanced policy support.
- Those in the bottom quartile enter a structured improvement plan
- The dashboard builds on existing digital infrastructure, UPI's transaction stack, the JAM trinity's data architecture, the Annual Survey of Industries and makes corporate contribution visible simultaneously to citizens, MSME suppliers, state governments, and policymakers.

Long-Term (5–10 Years): Atmanirbhar 2.0 — The Hybrid Self-Reliance Model

Institutionalise strategic openness as a permanent pathway to indigenous capability

- Every enterprise above a defined revenue threshold in a priority sector including defence, semiconductors, clean energy, advanced pharmaceuticals, precision manufacturing are incentivised to partner with Indian MSMEs or academic institutions in a structured technology-transfer or co-development arrangement.
- The progress is audited against the Value Index and PLI disbursements linked to verified localisation trajectories.

Atmanirbhar 2.0 engineers this outcome across hardware, clean energy, and frontier technology.

Cross-Cutting: Safeguards and Risk Management

Running across all three horizons is a risk architecture that ensures openness never becomes a cost for India.

A two-tier security architecture separating contribution-evaluated manufacturing from critical infrastructure hardware subject to mandatory security screening upstream of the scorecard addresses security infiltration risk, drawing on the cautionary experience of infrastructure investment in Sri Lanka, the DRC, and Ethiopia.

Public dashboard visibility addresses policy capture risk. Together, these instruments ensure that the framework India builds over the next decade is one that chooses its foreign partners intelligently and maintains institutional guardrails to ensure that strategic openness is never hardened into structural vulnerability.

The preceding sections have established India does not need to choose between self-reliance and strategic openness but follow a sequenced, institutionalised architecture that makes foreign contribution the pathway to deeper domestic strengths.

This section sets out that architecture.

5.1 Short-Term: Pilot the 'Contribution Visa' for Fast Approvals

India's regulatory architecture remains its strength and area for attention at the same time. An enterprise willing to be rooted should be treated through a separate regulatory route compared to one that intends to import finished goods.

The asymmetry between intention and treatment is addressed through what we term the ‘Contribution Visa’ — a fast-track clearance route for high-contribution investors.

The proposal is operationally seamless.

- Any enterprise, whether domestic or foreign-origin, that scores above 70 on the India-Plus Contribution Scorecard (as defined in Section 3.2,) becomes eligible for a 90-day single-window clearance.
- This single-window facilitation covers land acquisition, environmental approvals, building permissions and utility connections for the qualifying enterprise. The second-part of facilitation is just an extension of the ‘visa’ metaphor. *Just as a high-value visa applicant benefits from an expedited track after clearing a defined threshold, a high-contribution enterprise should receive proportionate regulatory courtesy.*

The pilot phase is proposed for Uttar Pradesh, Gujarat, Tamil Nadu, and Karnataka over the initial six months. These states together account for a disproportionate share of India's electronics, automotive, and renewable manufacturing investment and possess reasonably mature single-window infrastructure and state-level investment promotion bodies. The pilot would serve primarily as a test of the clearance mechanism as well as a structured exercise in data collection.

Critically, the Contribution Visa would not be a regulatory bypass.

- Every approval, every delay, every exemption granted or denied must be logged and audited to generate the evidence base that will allow national rollout to be calibrated.
- Environmental red lines, labour law compliance, and national-security vetting remain non-negotiable. What changes is the sequencing and speed of ministerially coordinated sign-offs for entities that have already demonstrated credible commitment through the scorecard.
- DPIIT's e-filing mechanisms and the National Single Window System (NSWS) already exist in skeletal form. The Contribution Visa gives those systems a performance-linked selection criterion.

5.2 Medium-Term: National ‘Value Index’ Dashboard

Transparency is the most powerful regulator.

A publicly accessible, continuously updated National Value Index dashboard to rank every significant enterprise operating in India by its contribution would transform the incentive architecture of Indian industrial policy.

- The dashboard would aggregate audited data across the five scorecard dimensions: employment headcount and quality, localisation ratios, structured skilling outputs, export volumes, and R&D spend domiciled in India.
- Scores would be updated quarterly with annual independent verification.
- The index would be stratified by sectors, such as, electronics, automotive, renewables, pharmaceuticals, defence, digital infrastructure, so that intra-sector peer comparison becomes possible and publicly visible.
- An enterprise scoring in the top quartile of its sector receives automatic eligibility for enhanced PLI disbursements, priority access to government procurement, and other policy support.

One scoring in the bottom quartile faces a structured improvement plan and on repeated shortfalls, a reclassification to the standard regulatory track.

This ensures that the Value Index evolves as industrial reality evolves.
The dashboard makes that record visible to every citizen, every MSME supplier, every state government, and every policymaker simultaneously.

5.3 Long-Term: Atmanirbhar 2.0 – The Hybrid Self-Reliance Model

The evidence assembled in previous sections demonstrates that self-reliance and foreign participation are complementary.

India's most significant advances in indigenous capability have been achieved through deliberate engagement with foreign technology, followed by systematic absorption, adaptation, and eventually independent mastery.

Atmanirbhar 2.0 institutionalises this dynamic as a permanent national strategy.

The core argument is that reforms are not a momentary big-bang event but a constant process of moving towards desired perfection.

Three case models illustrate the architecture India should systematise.

- The India-Russia BrahMos venture began as a technology-transfer agreement and has indigenised to the point where DRDO leads the next-generation hypersonic variant.[1] The Su-30MKI programme followed the same arc, progressive localisation of avionics and airframe seeding an engineering cadre that now underlies Tejas and AMCA.
- The Metro Rail programme drew on German, Korean, French and Japanese rolling-stock expertise and now supports domestic coach manufacturing at ICF Chennai and Alstom[2]'s SriCity plant that exports to global cities.
- Earlier generations offer parallels Honda-Hero, Suzuki-Maruti and TVS, and ex-IBM engineers spinning off Infosys, Patni and iGate. In each case a foreign-origin root nurtured a stronger indigenous branch.

The mechanism is incentivised mandatory partnerships, i.e., every enterprise (foreign as well as indigenous) above a defined revenue threshold in a priority sector is incentivised to partner with

Indian MSMEs or academic institutions in a structured technology transfer or co-development arrangement, with progress audited against the Value Index.

The target is not only aspirational but also contractual, with PLI disbursements directly linked to verified localisation trajectories.

Atmanirbhar 2.0 is the policy instrument that makes replication systematic, without leaving it to chance. By 2035, India shall target to transition from a nation that absorbs foreign technology to one that co-originates it through joint patents, co-developed standards, and Indian enterprises holding equity in global technology supply chains.

5.4 Risks & Mitigations: Dependency Traps and Security Red Lines

No strategy of calibrated openness is complete without an equally calibrated risk architecture. Three categories of risk warrant systematic management: strategic dependency, security infiltration, and policy capture.

Strategic Dependency Risk

Strategic dependence arises when an economy becomes so reliant on foreign supply of a critical input (semiconductors, rare earth processing, pharmaceutical APIs, satellite communication infrastructure and so on) that any disruption, whether commercial or geopolitical, constitutes a national security threat. India experienced precisely this dynamic during the COVID-19 pandemic with API sourcing from China, and again during the semiconductor shortage that constrained domestic automotive production.[3] The mitigation architecture has three layers.

- First, a dynamic 'red list' of critical technologies under heightened oversight. Unlike the static negative lists that have characterised India's past approach, the red list is reviewed biannually by a cross-ministerial technology assessment committee incorporating intelligence inputs, supply-chain stress-test results, and allied-nation threat assessments. Technologies on the red list are subject to mandatory multi-source procurement, domestic stockpiling requirements, and accelerated indigenisation timelines under *Atmanirbhar* 2.0.
- Second, origin diversification caps. Over time, no single foreign country should supply more than 30 percent of any strategic input category, a directional target to be phased in on sector-specific transition pathways, wherever possible. Several categories are far above this today (for example, China supplies an estimated 70 percent+ of bulk-drug/API imports, with ~45 critical APIs almost entirely sourced from China[4], and Taiwan supplies the bulk of high-end logic chips), so the cap must be a destination, not an immediate rule. This is not a ban on high-concentration suppliers but a structural incentive for enterprises to develop redundant supply relationships before a crisis forces them otherwise.

The 30 percent ceiling, wherever possible, mirrors the diversification logic applied successfully in India's foreign exchange reserve management and is already implicit in the government's differential treatment of trusted versus non-trusted telecom vendors under the national security Directive on Telecommunications.

- Third, annual supply-chain stress tests conducted by a dedicated unit within the Ministry of Commerce and Industry. This can be modelled on the financial sector stress tests administered by the Reserve Bank of India. Each stress test simulates a 90-day supply disruption across three critical sectors simultaneously. It implies a quantification of the economic and security impact to identify the specific supply-chain nodes, whose failure is most consequential. Results might be kept classified but summary findings shall be reported to the concerned regulatory authorities, creating accountability without exposing operational vulnerabilities.

Security Infiltration Risk

The concern that foreign-origin enterprises may embed surveillance, data exfiltration, or sabotage capabilities is well-documented globally. India's response must be architecturally segmented rather than applying a uniform contribution-based filter across all sectors.

Two-Tier Security Architecture

Tier 1 covers contribution-evaluated manufacturing, consumer electronics, smartphones, EVs, solar modules where the India-Plus Scorecard is the primary instrument, with origin-based screening limited to standard Press Note 3 disclosure.

Tier 2 covers critical infrastructure hardware i.e. telecommunications backbone, 5G networks, power grid control systems, defence electronics, and government-facing data centre hardware where the security filter sits entirely upstream of the contribution scorecard. No firm proceeds to contribution evaluation without first clearing the Tier 2 security screen, regardless of its India-Plus score.

This segmentation addresses the cautionary experience of Chinese infrastructure investment in the DRC, Ethiopia, Guinea, and Sri Lanka, where economically genuine contributions were evaluated without adequate assessment of strategic dependency most visibly at Hambantota[5], where economic contribution eventually created geopolitical leverage. A smartphone assembly plant and a national telecommunications switching network are not the same risk category, and the framework must reflect that distinction explicitly.

Technology Origin Transparency Protocol

All Tier 2 suppliers must submit a verified component-level bill of materials at contract award, updated annually; maintain source-code escrow for software from red-list jurisdictions; and comply with hardware integrity certification developed in coordination with CERT-In. This extends India's existing national security Directive on Telecommunications to the full Tier 2 classification, mirroring the US Federal Acquisition Regulation and EU Cyber Resilience Act.

The non-derogable safeguards in Section 3.4 data localisation, IP escrow, and third-party audits apply in full to Tier 2 and cannot be substituted by a high contribution score.

Policy Capture Risk:

The risk that powerful foreign enterprises use their lobbying capacity to hollow out the India-Plus scorecard or weaken the Value Index thresholds can be mitigated by the public visibility of dashboard rankings. An enterprise attempting to dilute its localisation obligations will face not only regulatory scrutiny but reputational consequences in a market, where its Value Index score is visible to every potential MSME partner, state government, and institutional investor.

Table 7: Summary Risk-Mitigation Matrix

Risk Category	Probability	Mitigation Instrument	Lead Body
Strategic dependency on single-source critical inputs	High	Red list + 30% diversification cap + stress tests	Min. of Commerce / NSA
Security infiltration via embedded technology	Medium	Data localisation + IP escrow + Tech Origin Protocol + Two-Tier Architecture	MeitY / IB
Policy capture by incumbent foreign enterprises	Medium	Public Value Index	DPIIT
Localisation targets becoming gaming exercises	Medium-High	Third-party audit + PLI linkage to verified KPIs	DPIIT / CAG
Geopolitical retaliation for origin-diversification caps	Low–Medium	WTO-compliant framing as security exception; allied-nation coordination	MEA / Commerce

Every one of the risks identified above is manageable through institutional design, provided publicly visible accountability mechanisms remain intact. India's experience with GST implementation, the Insolvency and Bankruptcy Code, and the Aadhaar ecosystem demonstrates that complex institutional architecture can be built and maintained when the political economy of accountability is correctly aligned. The Contribution Visa, Value Index, and *Atmanirbhar* 2.0 together constitute that alignment for industrial policy. An India that is genuinely self-reliant by 2035 will be one that chooses its foreign partners deliberately, maximises domestic value addition from every partnership, and builds institutional guardrails to ensure that openness never becomes dependency. The roadmap above is the specification to that end only.

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Section 1: Redefining "Indian" – Contribution Over Origin

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