TRADE & INDUSTRY SERIES

Manufacturing Investment in Uttar Pradesh

Opportunities in Import Substitution, Supply-Chain Diversification, and Export to 2030

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Preface and Scope

This paper identifies and assesses manufacturing investment opportunities in Uttar Pradesh over the period to 2030. It situates them within the principal forces reshaping Indian manufacturing — import substitution, supply-chain diversification away from concentration in China, infrastructure expansion, and export growth — and assesses their fit to the state's industrial base.

The analysis draws on official trade and incentive-scheme data, state-government investment information, and the firm's own sector assessment. The ranked list of opportunities and the assessment matrices are the firm's composite analyses, indicative in character. The paper is intended for institutional readers concerned with industrial and investment policy. It does not constitute investment advice.

A note on method. Where the paper ranks or scores opportunities, it does so on the basis of the firm's judgement applied to published indicators. The rankings are analytical aids, not measurements.

Contents

1. Summary

1.1 Uttar Pradesh is positioned to benefit from a structural expansion in Indian manufacturing. The question for policy and investment is not whether investment will occur, but where it will concentrate and which activities will generate durable rather than commoditised value.

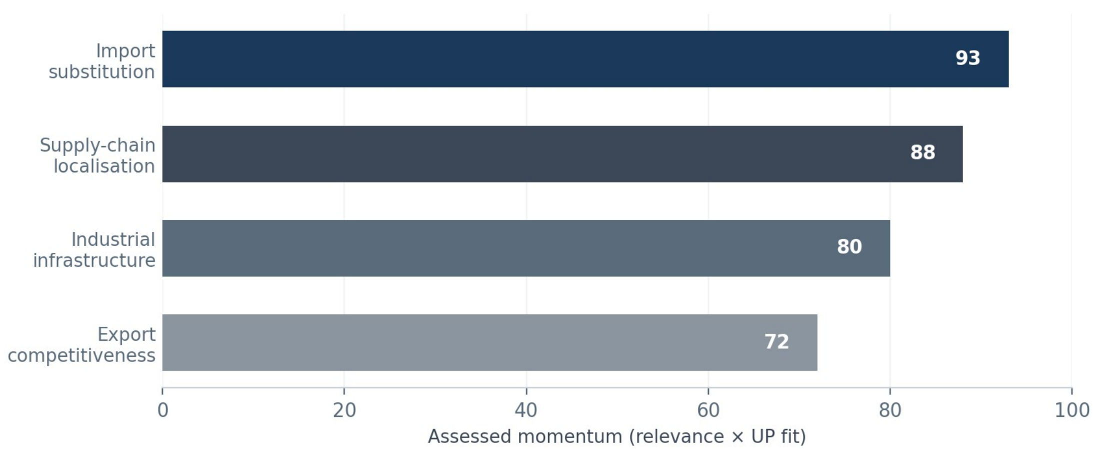
1.2 Electronics is the largest single opportunity. India imports electronics and related products on the order of USD 90 billion annually, and Uttar Pradesh, through the Greater Noida cluster, already accounts for approximately 40 per cent of national mobile-phone output.[1] The component ecosystem represents the natural next stage.

1.3 Beyond electronics, the strongest opportunities lie at the intersection of three conditions: a substantial import bill that domestic production can displace, momentum in the diversification of global supply chains, and a genuine fit to the state's existing industrial base. This paper identifies twenty such opportunities and assesses the principal themes underlying them.

2. The Forces Reshaping Manufacturing

2.1 Four forces are reshaping Indian manufacturing. Figure 1 presents the firm's assessment of their relevance to Uttar Pradesh.

Figure 1. Investment themes, by assessed momentum



Source: Prologue Research assessment. Indicative.

2.2 Import substitution is the strongest. Several industrial categories — electronic components, specialty chemicals, active pharmaceutical ingredients, battery chemicals — remain heavily import-dependent, and are supported by national incentive programmes.[2] Supply-chain diversification away from China creates

[1] Global Trade Research Initiative (GTRI); India Ministry of Commerce and Industry trade data, FY2023–24.

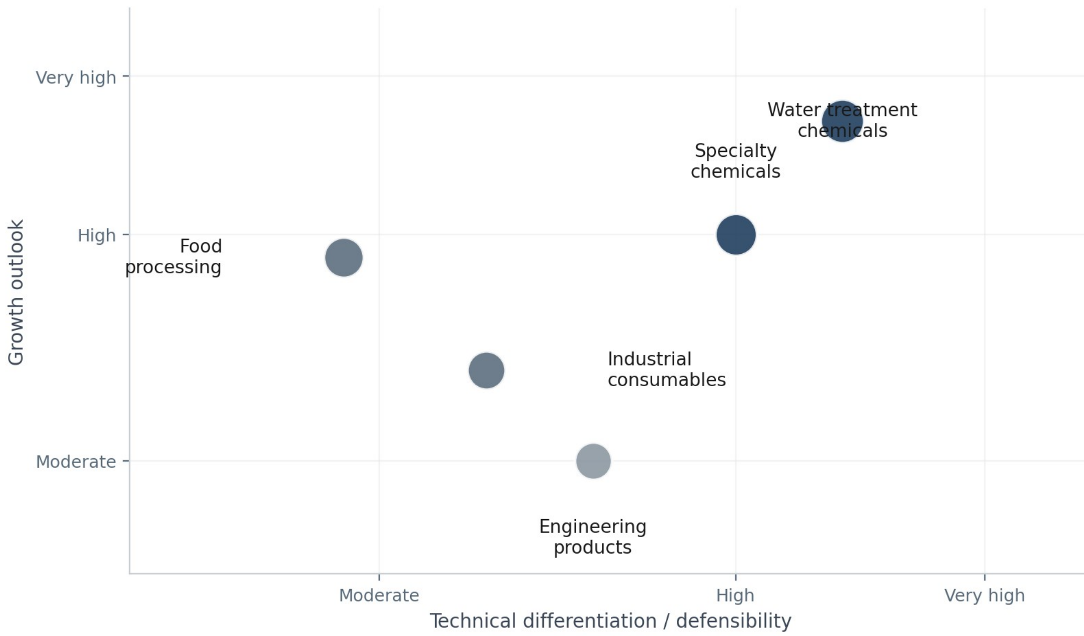
[2] Production Linked Incentive (PLI) scheme notifications, Ministry of Electronics and Information Technology and other ministries.

opportunities in electronics, chemicals, and labour-intensive export goods. Infrastructure expansion, including the state's expressway network and defence-industrial corridor, widens the set of viable locations. Export competitiveness is rising from a low base.

3. Sector Assessment

3.1 Figure 2 assesses priority sectors by growth outlook and technical differentiation. The activities of greatest interest combine strong growth with defensible technical positions, which protect margins against commoditisation.

Figure 2. Priority sectors by growth and technical differentiation



Source: Prologue Research assessment. Indicative.

3.2 Water treatment chemicals and specialty chemicals rank highest on the combination of growth and defensibility; electronics offers the largest scale; food processing, strong growth on a broad base. The firm's consistent preference is for activities in which technical differentiation, rather than cost alone, sustains the competitive position.

4. Twenty Priority Opportunities

4.1 Drawing the themes and sector assessment together, the firm identifies twenty manufacturing opportunities for the state, set out in Table 1. The ranking is a composite of opportunity scale, fit to the state's base, defensibility, and policy alignment.

Table 1. Twenty priority manufacturing opportunities for Uttar Pradesh

No.	Opportunity	Principal driver	Basis
1	Mobile and electronics assembly	China-plus-one; export	~40% of national mobile output in Greater Noida
2	Electronic components	Import substitution	Large import bill; dedicated incentive support
3	Specialty chemicals	Import substitution; export	Import gap; established Kanpur chemical base
4	Active pharmaceutical ingredients	Import substitution	High import dependence
5	Defence and aerospace components	Strategic; export	UP Defence Corridor; committed investment
6	Lithium and battery chemicals	Import substitution	Near-total import reliance; EV demand
7	Engineering plastics	Import substitution	Metal-replacement trend
8	Water treatment chemicals	Domestic; environmental	High growth; recurring demand
9	Food and beverage processing	Domestic; export	Agricultural base; new parks
10	Footwear and leather	Export	Established clusters; China-plus-one
11	Solar modules and components	Import substitution	Renewable-energy programme
12	Automotive components	China-plus-one; export	OEM localisation
13	Medical devices	Import substitution	Import-heavy category
14	LED lighting	Import substitution	Industrial-electronics segment
15	Industrial consumables	Domestic	Recurring manufacturing demand
16	Technical textiles	Import substitution; export	Programme support
17	Processed foods	Export	District-product linkage
18	Toys and sporting goods	Import substitution; export	Meerut cluster
19	Packaging	Domestic	Consumer-sector demand
20	Data-centre and IT hardware	Strategic; domestic	State data-centre policy

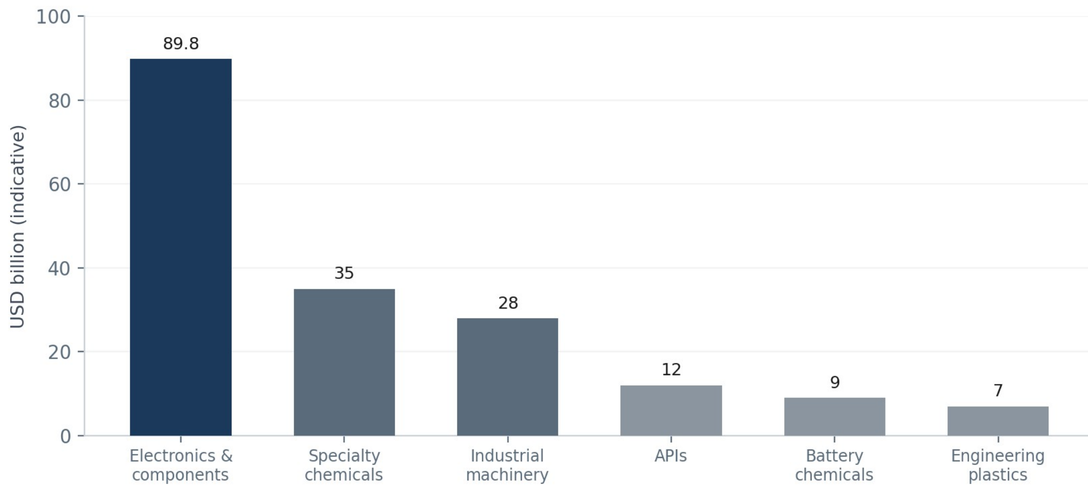
Source: Prologue Research composite assessment. Indicative. ‘Principal driver’ denotes the dominant rationale: import substitution, supply-chain diversification, export, domestic demand, or strategic.

4.2 The upper ranks are dominated by electronics and chemicals, the activities in which import gaps, policy support, supply-chain momentum, and the state's existing base align most strongly. Defence and aerospace rank highly on strategic grounds, supported by the dedicated corridor. Several established strengths — footwear, food processing, sporting goods — appear where an export or diversification rationale reinforces an existing cluster.

5. Import Substitution

5.1 Import substitution is the strongest single theme, and the gap is widest in the activities of highest value. Figure 3 sets out import dependence across the principal categories.

Figure 3. India import dependence, by category (USD billion)



Source: GTRI for electronics; other categories indicative.

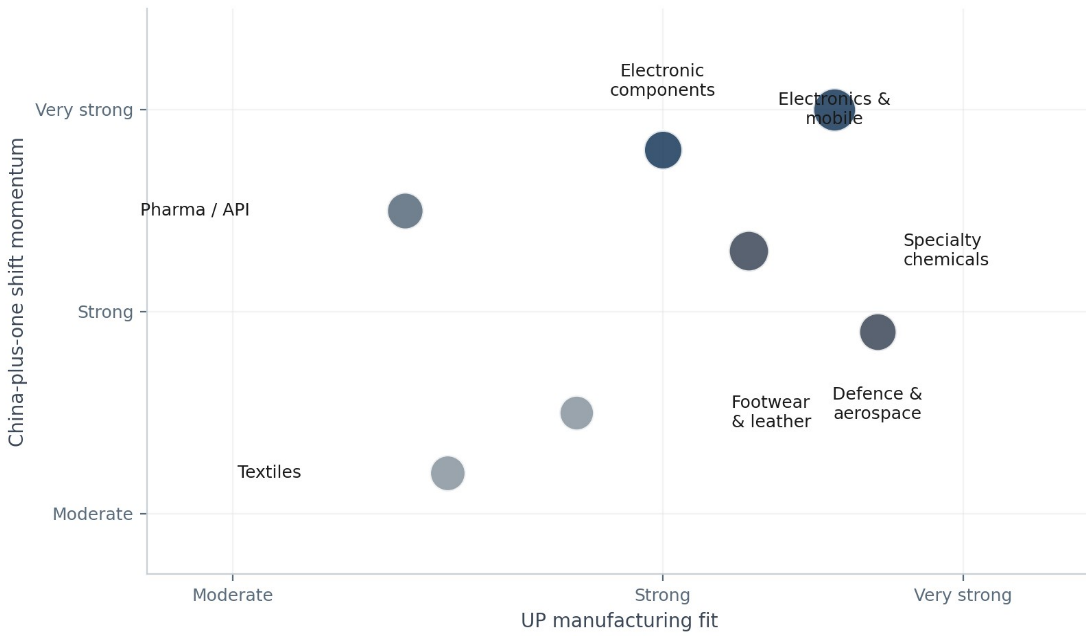
5.2 Electronics dominates. India imported electronics and related products on the order of USD 90 billion in FY2024, a substantial share from China.[3] The national objective of a USD 500 billion electronics manufacturing sector by 2030, including USD 150 billion in components, defines the scale of the opportunity. For Uttar Pradesh, with an established mobile-manufacturing base, the component ecosystem is the logical next stage of development.

6. Supply-Chain Diversification

6.1 The diversification of global supply chains away from concentration in China is a sector-specific process, advancing at different rates in different activities. Figure 4 assesses the principal sectors by the strength of the global shift against their fit to the state's base.

Figure 4. Sectors by supply-chain shift momentum and state fit

[3] Invest UP; Government of Uttar Pradesh. Electronics export and corridor-investment figures as reported by the state government.



Source: Prologue Research assessment. Indicative.

6.2 Electronics and electronic components combine strong global momentum with strong state fit, anchored by the Greater Noida base. Specialty chemicals and defence fall nearby. Pharmaceuticals carry strong global momentum but a more moderate current fit, indicating an opportunity that requires deliberate ecosystem development. Labour-intensive goods such as footwear offer a diversification rationale built on established clusters.

7. Export Sectors

7.1 The state's export base has expanded markedly. Electronics exports rose from approximately INR 3,862 crore in 2017–18 to INR 44,744 crore in 2024–25, and total state exports have exceeded INR 2 lakh crore.[4] Figure 5 shows the electronics trajectory.

Figure 5. Uttar Pradesh electronics exports (INR crore)

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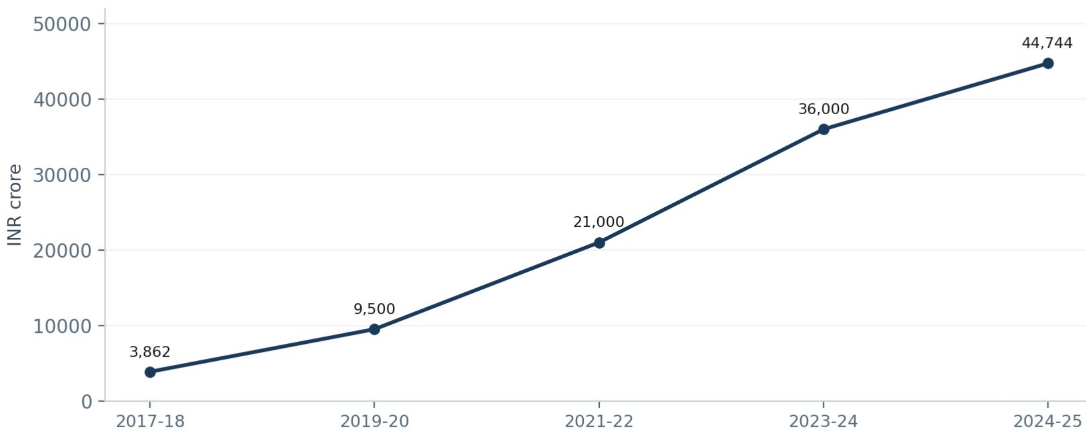

Source: Invest UP; Government of Uttar Pradesh. Intermediate years indicative.

7.2 Beyond electronics, the state's export sectors include the established district-product clusters — leather at Kanpur and Agra, carpets at Bhadohi, brassware at Moradabad, glass at Firozabad, silk at Varanasi, sporting goods at Meerut — alongside emerging strength in processed foods. The opportunity is twofold: to scale the high-growth manufacturing exports, and to raise the established clusters toward higher value and certification.

8. Concluding Observations

8.1 The convergence of import-substitution gaps, supply-chain diversification, an expanding infrastructure platform, and a rising export base creates an unusually broad opportunity set for manufacturing in Uttar Pradesh. The activities most likely to generate durable value are those that combine technical differentiation with a fit to the state's existing strengths.

8.2 The distribution of value will not be even. It will favour activities serving industrial and export demand over those competing in commoditised segments, and locations on the developing corridor network over those off it. The ranked opportunities in this paper are offered as a guide to that distribution.

Sources

Global Trade Research Initiative (GTRI) — import data. Production Linked Incentive scheme notifications — incentive support. Invest UP; Government of Uttar Pradesh — state export and corridor data. NITI Aayog; IBEF — sector context. The ranked opportunities and assessment matrices are Prologue Research composite analyses, indicative and not official measurements. Correspondence: business@prologuet.com.