

The China-Plus-One Dividend and Domestic Reform: India's Manufacturing Ascent During the Modi Era

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Abstract: *Was India's manufacturing ascent after 2014 earned at home or handed to it by geopolitics? This article argues that it was both, and that neither alone is sufficient. The US-China trade war (2018), the pandemic (2020) and Western "de-risking" (2022 onward) produced a large external shock: China's share of US goods imports fell from about 22% in 2017 to about 9% in 2025 [1][2]. The main beneficiaries were Taiwan, Vietnam and Mexico, each gaining roughly 2-4 percentage points; India gained only about one point, rising from about 2.1% to 3.1% of US imports [1][3]. India's gain was concentrated in one sector, smartphones, where its share of US imports rose from 13% to 44% in a single year [4]. The article argues that the China-plus-one dividend is conditional: it accrued to India only in sectors where domestic reforms- the Goods and Services Tax, the 2019 corporate tax cut, Production-Linked Incentives and selective tariff protection- had already lowered the cost of production and given anchor firms a reason to come. Where reforms lagged- land, labour (until the codes took effect in November 2025), logistics and trade policy- India lost the dividend to Vietnam and Mexico. The 2025 US tariff shock, which raised duties on Indian goods to 50% before a February 2026 framework cut them to a planned 18%, shows that the dividend is also reversible [5][6]. The article proposes a simple attribution framework- pull, push and capture- and concludes that reform determines how much of a geopolitical windfall a country captures.*

Keywords: China-plus-one; supply-chain reallocation; friend-shoring; Make in India; Production-Linked Incentive; India-US trade; Vietnam; Mexico; manufacturing FDI

1. Introduction

In May 2025, Apple's chief executive told investors that "a majority of iPhones sold in the US will have India as their country of origin" [10]. A decade earlier India made almost

no smartphones for export. The statement is often cited as proof that Indian industrial policy has succeeded. It is equally often cited as proof that India has simply been lucky: that Washington's quarrel with Beijing, not New Delhi's reforms, moved the factories.

Table 1: Key indicators at a glance

Indicator	Around 2017	Latest	Source
China's share of US goods imports	~22% (2017)	~9% (2025)	[1][2]
India's share of US goods imports	~2.1% (2017)	~3.1% (2025)	[3][7]
India's share of US smartphone imports	13% (Q2 2024)	44% (Q2 2025)	[4]
US goods imports from India	US\$48.6 bn (2017)	US\$103.8 bn (2025)	[3][7]
India's gross FDI inflows	US\$61 bn (FY18)	US\$94.5 bn (FY26)	[8][9]
US tariff on most Indian goods	~3% MFN average	50% (Aug 2025) → 18% planned (Feb 2026)	[5][6]

This attribution question matters for policy. If the gains are a geopolitical windfall, they are fragile and could vanish with the next shift in US trade policy- as the 50% US tariff on Indian goods in August 2025 briefly suggested [5]. If they are the product of domestic reform, they are more durable and the reform agenda should be extended. The author's earlier work on this period documented the scale of India's manufacturing gains and proposed that India practises *export-disciplined protection* [11]. That work, and the author's earlier assessment of India's techno-industrial development [38], treated the external environment largely as background. The latter named the "China-plus-one" strategy of multinational manufacturers as the strategic context of the India Semiconductor Mission, warned that the mission's success "depends not only on India's own execution but on the continuation of the broader diversification trend", and listed China-plus-one in its limitations as a trend "independent of Indian policy" that its descriptive method could not separate from the effect of reform [38]. This article takes up that open

question directly and puts the external environment in the foreground.

The argument is that the China-plus-one dividend is real but **conditional and capturable**. Geopolitics created a pool of mobile investment looking for a new home (the *pull*). Domestic reform determined whether India was a credible destination (the *push*). And the size of India's gain depended on whether a specific firm and sector converted that credibility into production (the *capture*). Read through this lens, the data show that India captured a large share of the dividend in smartphones, a moderate share in a few other sectors, and a small share overall — less than Vietnam, Mexico or Taiwan.

The article proceeds as follows. Section 2 reviews the literature on supply-chain reallocation. Section 3 describes the external shock. Section 4 sets out India's domestic reform stack. Section 5 presents the evidence on India's gains.

Section 6 compares India with Vietnam and Mexico. Section 7 decomposes the dividend into its external and domestic components. Section 8 discusses limits and risks, including the 2025 tariff episode, and Section 9 concludes. Data are drawn from the US Census Bureau and USTR, India's Ministry of Commerce, DPIIT, peer-reviewed and working-paper research (NBER, PIIE, Journal of International Economics), and industry sources, current to October 2026.

2. Literature and Analytical Framework

A fast-growing literature studies how trade policy and geopolitical risk have reorganised supply chains since 2018. Four strands matter here.

First, the reallocation is real but selective: Using product-level US data for 5,300 categories, Alfaro and Chor show that China's share of US imports fell from about 21% in 2017 to 9% in early 2025, a pattern they call "selective decoupling from China rather than broader US deglobalization" [2][12]. Displaced trade went mainly to existing top-20 US partners, especially Vietnam, Mexico and Taiwan, rather than to new entrants [2]. Bown reaches similar conclusions for 2025, when real US imports from China fell 28% while imports from other countries rose more than 9% [1].

Second, reallocation is partly rerouting: Freund, Mattoo, Mulabdic and Ruta find that countries which gained US market share in tariffed products were often those most integrated with Chinese supply chains; their exports to the US rose together with their imports from China [13]. The "connector" economies- Vietnam and Mexico above all- thus captured the dividend partly by assembling Chinese inputs closer to the US. This complicates any claim that China-plus-one reduces dependence on China.

Third, capture depends on prior capability and policy: The foreign direct investment (FDI) literature has long held that multinationals choose locations by comparing production costs, market access, institutional quality and agglomeration with existing suppliers [14][15]. A geopolitical shock lowers the attractiveness of one location, but it does not decide where the investment goes; that is settled by these underlying factors. Baldwin's account of globalisation's "second unbundling" makes the same point: production stages move to places that can be cheaply and reliably connected to the rest of the chain [16].

A fourth strand comes from the political economy of technological power: The author's earlier work argued that US hegemony has rested on control of successive technological chokepoints, that this control is shifting from outright denial to managed, monetised access, and that India faces three paths: deeper alignment with US "compute diplomacy", faster domestic capability-building, or a hedging strategy across rival blocs [39][40]. On this view, China-plus-one is not only a commercial reallocation but a geopolitical one: the United States decides which countries count as

trusted alternatives, and can change its mind. This article treats that as a defining feature of the pull.

From these findings this article builds a simple three-part framework:

- 1) **Pull-** the external shock that makes investors look for alternatives to China (tariffs, pandemic disruption, de-risking, export controls).
- 2) **Push-** the domestic conditions that make a country a credible alternative (tax, regulation, infrastructure, incentives, market size, labour costs).
- 3) **Capture-** whether specific anchor firms actually commit production, which in turn draws suppliers.

The framework predicts that a country's gain from China-plus-one will be largest where pull is strong *and* push has already been prepared *and* a capable anchor firm commits. It also predicts that the gain can be reversed if the pull changes direction — if, for example, the destination country itself becomes the target of tariffs. Sections 3 to 8 apply this framework to India.

3. The External Shock: Three Waves of Pull

The pull came in three waves, each larger in scope than the last.

Wave 1: the trade war (2018–2019). The United States imposed Section 301 tariffs of 10-25% on about US\$370 billion of Chinese imports in 2018-19, and China retaliated [18]. Firms began to move final assembly of tariffed goods out of China, mostly to Vietnam and Mexico, where Chinese and Taiwanese contract manufacturers already had a foothold [13].

Wave 2: the pandemic and "de-risking" (2020–2024). China's zero-Covid lockdowns, especially the 2022 closure of Foxconn's Zhengzhou plant, showed multinationals that concentration in one country was an operational risk, not only a tariff risk. US export controls on advanced semiconductors (October 2022) and the language of "friend-shoring" turned diversification into a strategic objective [19]. Apple, which had produced almost all iPhones in China, began scaling production in India through Foxconn, Wistron (later Tata Electronics) and Pegatron.

Wave 3: the 2025 tariff escalation. In 2025 average US tariffs on Chinese goods rose from 21% to nearly 50%, while those on other countries rose from about 3% to more than 18% [1]. Real US imports from China fell 28% in a single year [1]. But this wave also hit China's alternatives, India among them (Section 8).

Figure 1 shows the cumulative result. China's share of US imports fell by about 12.6 percentage points between 2017 and 2025. Mexico, Taiwan and Vietnam together picked up roughly ten points. India's share rose by about one point.

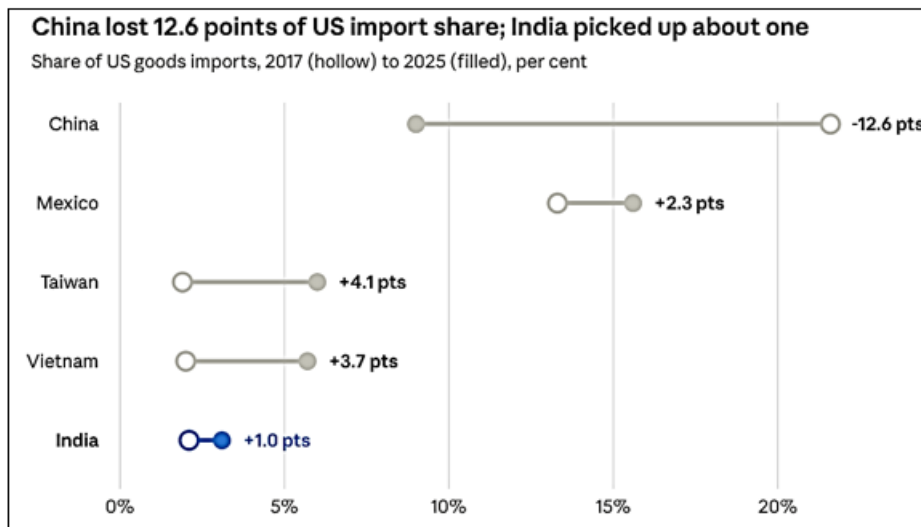


Figure 1: Sources: 2025 shares from US Census data as compiled in [17]; India 2025 from USTR [3]; 2017 shares derived from 2025 shares and the 2017–2025 changes reported by Bown [1] and Alfaro & Chor [2]. Figures rounded; India 2017 = US\$48.6 bn of US\$2.34 tn [7].

The figure establishes the article's starting puzzle. India was, by population and market size, the most obvious alternative to China, and its government had spent four years before the trade war announcing reforms to attract manufacturing. Yet in aggregate it captured less of the dividend than Vietnam, a country with one-fourteenth of its population. Taiwan's large gain is a special case, driven mainly by US imports of AI servers in 2024–25 [1]. Section 4 examines what India had prepared; Sections 5 and 6 examine where it succeeded and where it did not.

4. The Domestic Reform Stack: Preparing the Push

India's reforms after 2014 were not designed as a response to the US-China trade war; most began before it. But they changed what India could offer a firm looking to leave China. Table 2 groups them by the cost they addressed and the timing relative to the three waves of pull.

Table 2: The domestic reform stack and its timing

Reform	Year	Cost addressed	Relation to the pull
Make in India; FDI liberalisation (most sectors to automatic route)	2014–2016	Entry and approval costs	Before Wave 1
Insolvency and Bankruptcy Code	2016	Exit and credit costs	Before Wave 1
Goods and Services Tax	July 2017	Internal trade friction; cascading taxes	Before Wave 1
Phased Manufacturing Programme for phones	2017	Assembly localisation	Before Wave 1
Corporate tax cut to 22% (15% for new manufacturers)	Sept 2019	Capital cost vs. Vietnam/ASEAN	During Wave 1
Production-Linked Incentive (14 sectors, ₹1.97 lakh crore)	2020–2021	Scale disadvantage vs. China	Start of Wave 2
PM Gati Shakti; National Logistics Policy	2021–2022	Logistics cost and time	During Wave 2
India Semiconductor Mission	2021–2022	Upstream capability	During Wave 2
Electronics Components Manufacturing Scheme	2025	Component depth	Wave 3
Four Labour Codes in force	21 Nov 2025	Labour flexibility	Wave 3
Jan Vishwas (Amendment) Act; 47,000+ compliances removed	2026	Regulatory burden	After Wave 3

Sources: [8][11][20][21][22][23].

Four elements of this stack mattered most for China-plus-one.

- 1) **Tax competitiveness:** The September 2019 corporate tax cut brought India's headline rate for new manufacturing companies to 15% (about 17% with surcharges), comparable to Vietnam's standard 20% rate with incentives and below Mexico's 30% [21]. It was announced explicitly as an invitation to firms leaving China during the trade war.
- 2) **Output-linked subsidies:** The PLI schemes offered roughly 4–6% of incremental sales in electronics, enough to offset much of the estimated cost disadvantage of producing in India rather than China. By June 2026 they had disbursed ₹36,754 crore and drawn cumulative investment of ₹2.58 lakh crore [24]. Crucially, the

electronics PLI was open to foreign firms, and Apple's three contract manufacturers enrolled from the start.

- 3) **Ease of doing business:** India rose from 142nd in the World Bank's *Doing Business 2015* ranking to 63rd in *Doing Business 2020*, the last edition before the series was discontinued in 2021 over data irregularities [25]. In logistics, India rose from 44th to 38th of 139 countries in the World Bank Logistics Performance Index between 2018 and 2023, with average container dwell time of about three days [26].
- 4) **Labour:** For most of the period, labour law remained a weak point. The four Labour Codes, which replaced 29 central laws, were passed in 2019–20 but took effect only on 21 November 2025 [22]. Among other changes, the Industrial Relations Code raised the employment

threshold for lay-offs without prior government permission from 100 to 300 workers and recognised fixed-term employment [22]. These are exactly the provisions that large, export-oriented assembly plants need to adjust staffing to seasonal demand; their late arrival meant that for most of the China-plus-one period India competed without them.

The reform stack was thus partial and uneven in timing. The fiscal and incentive elements were in place by the start of Wave 2; the labour, land and logistics elements arrived later or not at all. This sequencing helps explain the uneven pattern of capture examined next.

5. Evidence: Where India Captured the Dividend

India's aggregate gain was modest, but it was real and it was concentrated. This section presents the evidence at three levels: total exports to the United States, the smartphone sector, and investment.

Exports to the United States. India's merchandise exports to the US roughly doubled, from about US\$42 billion in 2014-15 to US\$87.3 billion in 2025-26, making the US India's largest export market [27]. Figure 2 shows that the growth was not steady. Exports were almost flat in Modi's first term, rose modestly during the trade war, and then jumped by nearly 50% between FY21 and FY22, the year the PLI schemes began paying out and the post-Covid diversification wave began.

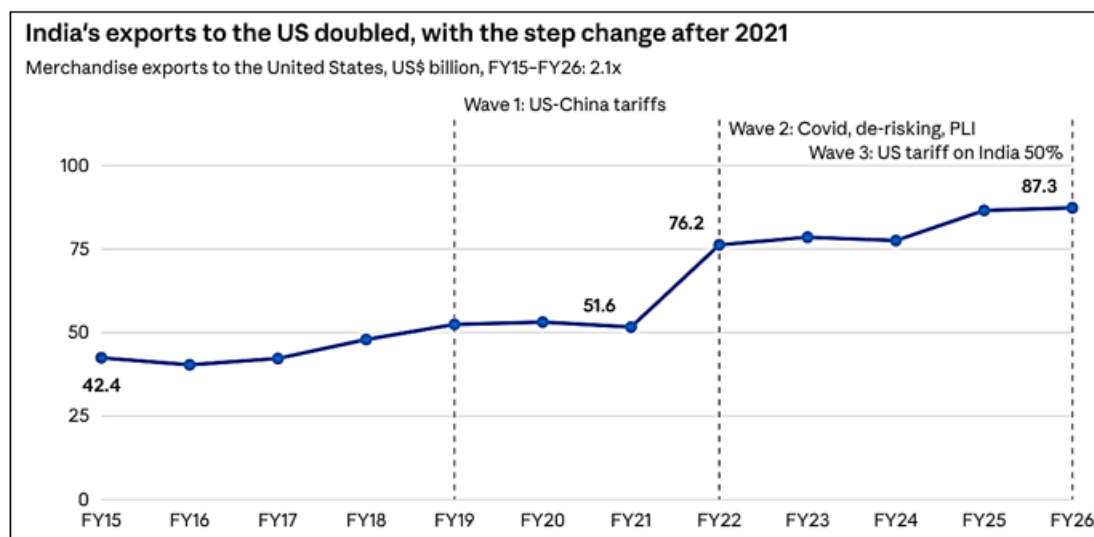


Figure 2: Source: Ministry of Commerce and Industry (DGCI&S), Export-Import Data Bank; FY25–FY26 from [27]. FY = April–March; FY15 = 2014–15. Dashed lines mark the three waves of pull (Section 3).

US data tell the same story from the other side: US goods imports from India reached US\$103.8 billion in calendar 2025, up 18.9% from 2024, even as the US imposed new tariffs on India in the second half of the year [3]. Front-loading of shipments before the tariffs took effect explains part of this rise.

Smartphones: the decisive case.

The smartphone sector is where pull, push and capture lined up most completely. The pull was strong: smartphones were among the most valuable Chinese exports to the US, and Apple faced both tariff and operational risk from its China concentration. The push had been prepared: PLI incentives, the Phased Manufacturing Programme and duties on imported phones made assembly in India viable [11]. And capture occurred: Apple's contract manufacturers committed, and by 2025 Apple was exporting about US\$2 billion of iPhones from India in a single month [28]. India's share of US smartphone imports rose from 13% in April–June 2024 to 44% in April–June 2025, and in the second quarter of 2025–26 India overtook China as the largest exporter of smartphones to the US [4][29]. Smartphones became India's largest export product in calendar 2025 [30]. These data update the author's earlier account, which reported India-

made iPhone production rising from about US\$2 billion in FY22 to about US\$22 billion in FY25, roughly 80% of it exported, and cited industry projections that India might eventually make one in four iPhones sold worldwide as Apple diversified away from China [38]. The diversification has since run ahead of those projections for the US market specifically: by mid-2025 India was the country of origin for the majority of iPhones sold in the US [10], and Apple's iPhone exports from India reached US\$14 billion in the first eight months of FY26 alone [28].

Investment

India's gross FDI inflows reached a record US\$94.53 billion in 2025-26, and cumulative inflows since 2014-15 reached US\$843 billion [8]. FDI equity into manufacturing rose 69% to US\$165.1 billion in 2014-24 compared with the previous decade [9]. These figures show that more foreign capital is coming to India, though FDI into India remains dominated by services and its link to China-plus-one specifically is hard to isolate.

Outside smartphones, the evidence of capture is thinner. Engineering goods, pharmaceuticals and auto components grew steadily, but India did not win large shares of the

categories that moved out of China most decisively, such as furniture, textiles, toys and consumer electronics other than phones; these went largely to Vietnam [1]. Section 6 sets India against its two main competitors.

6. India, Vietnam and Mexico: A Comparative Scorecard

Vietnam and Mexico are the benchmarks against which India's China-plus-one performance is usually judged. Both captured more of the US market share that China lost, but they did so in different ways. Table 3 compares the three.

Table 3: China-plus-one scorecard, India vs. Vietnam vs. Mexico

Indicator	India	Vietnam	Mexico
Change in share of US goods imports, 2017–2025	+1.0 pts	+3.7 pts	+2.3 pts
Share of US goods imports, 2025	~3.1%	5.7%	15.6%
FDI, latest year	US\$94.5 bn gross inflows (FY26)	US\$27.6 bn disbursed; US\$38.4 bn registered (2025)	US\$40.9 bn (2025, record)
Manufactures as share of merchandise exports (2024)	67%	85%	79%
Manufacturing value added, share of GDP (2024)	13%	24%	—
Main channel of gain	Smartphones (Apple, Samsung)	Electronics, furniture, apparel, solar	Vehicles, parts, machinery (USMCA)
US tariff position, 2026	50% in Aug 2025; 18% agreed in Feb 2026 framework	20%; 40% on transshipped goods	USMCA-compliant goods largely exempt

Sources: [1][2][3][8][17][20][31][32][33][34][5][6]. Shares derived as in Figure 1.

Three contrasts stand out.

Vietnam: proximity to China, openness to trade.

Vietnam's advantage is that it is the cheapest place to move a China-based supply chain one border south. Its manufacturing base was already integrated with Chinese and Korean suppliers, its tariffs on intermediate inputs are low, and it belongs to large trade agreements (CPTPP, RCEP, the EU FTA). Freund et al. show that Vietnam's export gains in tariffed products were accompanied by rising imports from China [13]. Vietnam therefore captured the dividend quickly but with deep dependence on Chinese inputs, which is why the US imposed a 40% tariff on goods judged to be transshipped [34].

Mexico: proximity to the US, rules of origin.

Mexico's advantage is the United States-Mexico-Canada Agreement (USMCA), which gives qualifying goods duty-free access and rules of origin that reward regional content. Its gains came mostly in vehicles and parts, where its share of US vehicle imports rose 12 points [1]. Mexico's record FDI of US\$40.9 billion in 2025 reflects this nearshoring [33].

India: market size and incentives, but higher trade costs.

India's advantages are a large domestic market, a deep labour pool and, since 2020, generous output-linked subsidies. Its disadvantages are higher tariffs on intermediate inputs, which

raise the cost of assembling for export; the absence, until 2026, of a trade agreement with the United States; and labour and land rules that were reformed late. India's gain was therefore concentrated in a sector- smartphones- where an anchor firm valued market size and diversification enough to absorb these costs, and where the government offset them directly through PLI and duty concessions.

The comparison suggests that India did not fail to attract China-plus-one investment. Rather, it competed on different terms. Vietnam and Mexico won by being cheap extensions of existing supply chains; India won where it could offer something those countries could not- scale and a large consumer market of its own.

7. Decomposing The Dividend: Geopolitics, Reform and Capture

The evidence supports neither the "pure luck" nor the "pure reform" reading. A formal decomposition would require counterfactual estimates beyond the scope of this article, but the pattern across sectors allows a structured qualitative attribution. Figure 3 places India's main manufacturing sectors on two dimensions: the strength of the external pull on that sector, and India's domestic readiness to receive it.

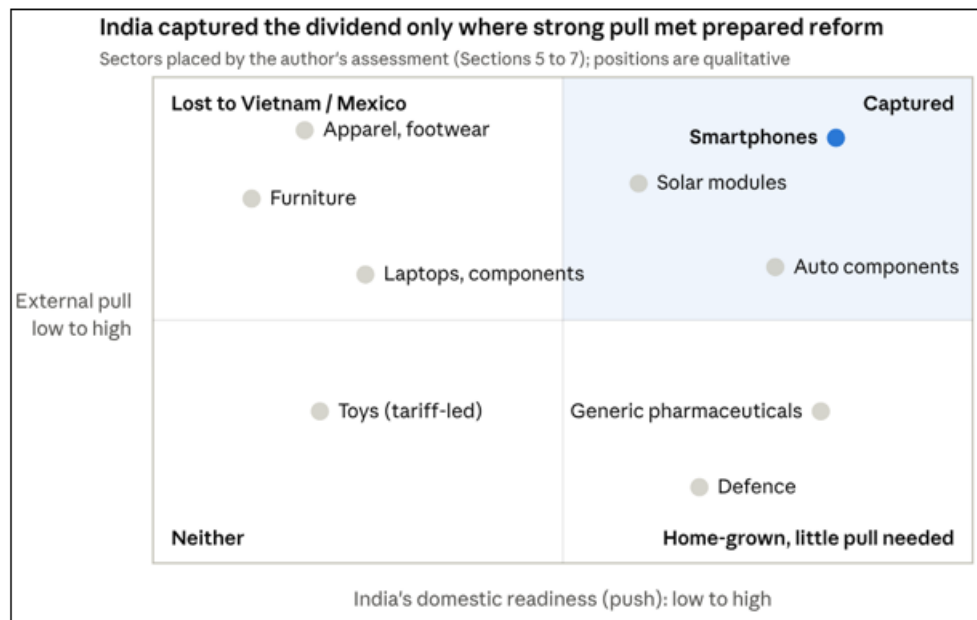


Figure 3: Pull-push matrix of Indian manufacturing sectors · author's assessment from the evidence in Sections 3–6

Four lessons follow from the matrix.

Pull without push did not help India

The sectors with the strongest pull out of China after 2018 were labour-intensive consumer goods: apparel, footwear, furniture and toys. Here India's push was weak- small firm size, rigid labour rules until late 2025, high input tariffs and no US trade agreement- and the dividend went to Vietnam and other Asian exporters [1][13]. India's toy industry became a net exporter, but through tariffs and quality-control orders that blocked imports, not through capturing global demand [11].

Push without pull produced steady, home-grown growth

Generic pharmaceuticals and defence grew strongly but were driven mainly by domestic policy and pre-existing capability, not by China-plus-one relocation [11]. These sectors would probably have grown in roughly the same way without the trade war.

Pull plus push plus an anchor firm produced the breakthrough

Smartphones are the one sector where all three conditions held. The policy push (PLI and duties) predates the strongest pull (2022-25), so reform was a precondition. But the scale and speed of the gain after 2022- India's share of US smartphone imports more than tripling in a year- cannot be explained by domestic policy alone; it reflects Apple's decision to de-risk away from China [4][10]. Both were necessary; neither was sufficient.

Partial readiness produced partial capture.

In solar modules, auto components and laptops, India had some readiness and faced real pull, and it gained ground, but less than its competitors. In solar, US tariffs on Chinese and later Southeast Asian modules opened the US market, and India's PLI-backed module capacity grew rapidly; but India's reliance on Chinese cells and wafers limits how much of that value stays in India [11][35].

The decomposition yields a working rule: **the geopolitical dividend scales with prior reform**. Geopolitics determined *when* investment moved and *how much* was looking for a home. Domestic reform determined *whether* India was on the shortlist. Firm-level decisions determined *which* sectors converted shortlist status into factories.

8. Limits and Risks: A Reversible and Dependent Dividend

The pull can reverse

The framework's most important warning was borne out in 2025. The United States imposed a 25% tariff on Indian goods from 7 August 2025 and raised it to 50% from 28 August, linking the increase to stalled trade talks and India's purchases of Russian oil [5][36]. For a few months India faced higher US tariffs than China on some products and much higher than Vietnam's 20% [34][36]. India's exports to the US fell 22% between May and August 2025, from US\$8.8 billion to US\$6.9 billion; labour-intensive sectors such as seafood (–44%) and solar panels (–35%) were hit hardest [36]. On 2 February 2026 the two governments announced a framework to cut the tariff to 18%, and the Russia-related penalty was removed from 7 February [5][6]. The framework remains incomplete, and US customs guidance in February 2026 indicated that a 25% reciprocal rate remained in effect pending implementation [5]. India's full-year exports to the US still edged up to US\$87.3 billion in FY26, helped by front-loading and by smartphones, which were largely outside the reciprocal tariffs [27][36]. The episode shows that a country that benefits from US hostility to China can itself become a target. It also confirms the risk the author flagged a year earlier: that India's techno-industrial gains carried an "external dependency" on the continuation of China-plus-one [38], and that access to the US-centred technology and trade system is granted on terms Washington can renegotiate [39].

Concentration

India's China-plus-one gain rests heavily on one product and one firm. Smartphone exports to the US fell 58% between May and August 2025, from US\$2.29 billion to US\$0.96

billion, even though smartphones were exempt from the new tariffs, showing how sensitive the total is to Apple's shipment schedule [36]. Apple and Samsung accounted for about 94% of India's smartphone exports in 2024 [11].

Dependence on China has not fallen

China-plus-one has made India a larger exporter of assembled goods but a larger importer of Chinese inputs. In 2025-26 India imported US\$131.6 billion of goods from China and ran a record bilateral deficit of US\$112.1 billion [37]. China supplied 30.8% of India's industrial-goods imports, including 43% of electronics imports, 40% of machinery and computers and 44% of organic chemicals [37]. This is the rerouting pattern identified by Freund et al. for Vietnam and Mexico [13], and it applies to India too: "plus one" has not meant "minus China".

Aggregate weight remains small

The dividend has not yet changed the structure of the Indian economy. Manufacturing's share of gross value added is about 16-17%, manufacturing employs about 11% of workers, and manufactures make up a smaller share of exports than in Vietnam or Mexico [11][20][31]. A dividend concentrated in a capital-intensive assembly sector creates relatively few jobs per rupee of output.

Attribution limits

This article offers a structured qualitative attribution, not an econometric decomposition. Product-level studies that estimate India's gains against a counterfactual, in the manner of Alfaro and Chor or Freund et al., would be the natural next step [2][13]. Much of the Indian data comes from official and industry sources with an interest in favourable figures, and several 2026 trade policy developments were still unsettled at the time of writing.

9. Conclusion

This article asked whether India's manufacturing ascent in the Modi era was the product of geopolitical fortune or of domestic reform. The answer is that the China-plus-one dividend was large, but India's share of it was set by how far reform had gone before the pull arrived.

Between 2017 and 2025, China's share of US imports fell by about 12.6 percentage points [1][2]. India captured only about one point of this, against roughly four for Vietnam and Taiwan and two for Mexico. But in smartphones- where tax reform, Production-Linked Incentives and protective duties had prepared the ground, and where Apple chose to de-risk- India went from almost nothing to supplying 44% of US smartphone imports and the majority of iPhones sold in the US [4][10]. Where reform lagged, notably in labour- intensive consumer goods, the dividend went elsewhere.

The article's *pull-push-capture* framework yields three policy implications. First, **reform is the multiplier of geopolitical opportunity**: the late arrival of the Labour Codes (November 2025) and the continued height of India's input tariffs cost it share in the sectors that moved earliest. Second, **the dividend is reversible**: the 2025 US tariffs showed that a beneficiary of US-China rivalry can itself become a target, which makes trade agreements with the US, EU and UK a form of

insurance. Third, **"plus one" is not "minus China"**: India's record deficit with China shows that the next stage of reform must deepen component and materials capability if the dividend is to become durable industrial strength.

The broader lesson extends the author's earlier arguments that India's techno-industrial policies form a mutually reinforcing package [38], that its strategic room depends on how it positions itself between rival technology blocs [39], and that India practises *export-disciplined protection* [11]. That model explains how India built domestic capability; this article shows that the capability was converted into world-market share only when a geopolitical window opened. India's manufacturing future will depend on keeping that window open diplomatically while using the time it buys to complete the reforms that the window exposed as unfinished.

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