JULY 2026 EDITION | COVERING JUNE-JULY 2026

MRC INDIA INDUSTRIAL MACHINERY INSIGHT

Executive market brief for Japanese machine-tool, CNC and factory-automation manufacturers

INDIA'S CAPITAL-INVESTMENT SIGNAL STRENGTHENS

June industrial output grew 7.3% year on year, while capital-goods production expanded 14.2%. The data point to continued factory investment and capacity creation.

For Japanese suppliers, the opportunity is strongest where precision, uptime, process engineering and dependable local service outweigh the lowest initial price.

Illustrative image

7.3%	14.2%	$51bn
Industrial output	**Capital goods**	**Import-localisation focus**
June YoY growth	June YoY growth	Critical imports identified

IN THIS ISSUE

Industrial production and capital investment • CNC and smart-manufacturing signals from INTEC and AMTEX • New investment in electronics and robotics • Import localisation and policy direction • Competitive implications for Japanese entrants

1. Executive Summary

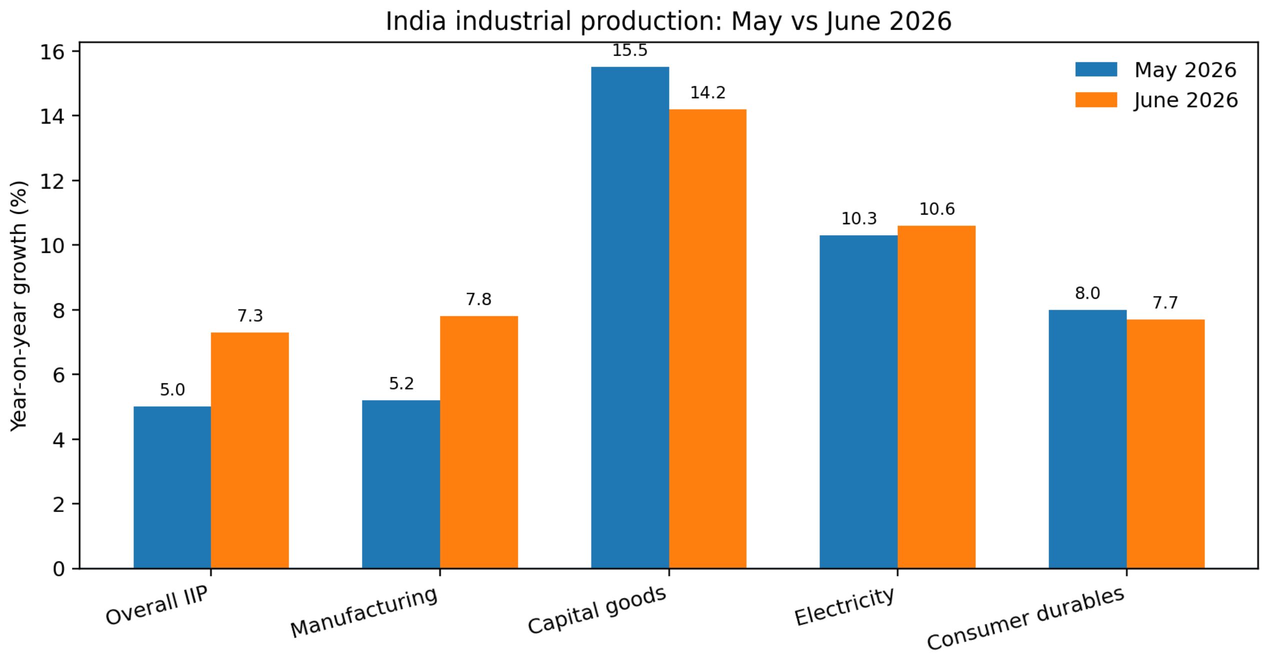
India's industrial momentum strengthened in June 2026. Official data showed overall industrial production rising 7.3% year on year - the fastest pace in nearly two years - with manufacturing up 7.8% and capital-goods output up 14.2%. The April-June quarter recorded 5.8% industrial growth, compared with 3.4% a year earlier. These indicators support a constructive demand outlook for machine tools, automation, metrology and production equipment, although geopolitical and input-cost risks remain.

- **Demand is increasingly investment-led.** High capital-goods growth indicates capacity additions and modernisation, not merely replacement demand.
- **Precision manufacturing is attracting international competition.** At AMTEX 2026, more than 20 Taiwanese companies promoted smart machinery, precision machining, cutting tools and industrial components.
- **Localisation is becoming a strategic requirement.** The government has identified $51 billion of critical imports for accelerated domestic manufacture, creating opportunities for production equipment while also raising the importance of local service and partnerships.
- **High-technology manufacturing continues to deepen.** L&T announced an investment of about ₹186 billion in Tamil Nadu for electronics manufacturing facilities and a data centre; Jabil opened an expanded Pune manufacturing footprint; Sona Comstar entered robotics components.
- **Japanese firms should avoid a "premium product only" approach.** Technology leadership needs to be combined with application engineering, response time, spare-parts availability, financing support and a focused regional sales network.

WHAT THIS MEANS FOR JAPANESE MANUFACTURERS

The strongest entry proposition is not simply "Japanese quality." It is a quantified productivity case: cycle-time reduction, lower rejection rates, stable tolerances, reduced setup time, higher spindle utilisation and dependable after-sales support. Market entry should start with selected application clusters and customer segments rather than attempting nationwide coverage immediately.

Industrial performance at a glance



Source: Ministry of Statistics and Programme Implementation; Reuters. May values reflect subsequently revised data reported with the June release.

2. CNC, Machine Tools and Smart Manufacturing

INTEC 2026: productivity, precision and integrated solutions

June's INTEC exhibition in Coimbatore highlighted the direction of Indian manufacturing investment. FFG showcased CNC machining technologies centred on productivity, precision and manufacturing efficiency. The wider exhibition coverage also emphasised laser processing, automation and next-generation production technologies. The message for overseas suppliers is clear: Indian buyers are looking beyond individual machines toward solutions that improve the complete process.

AMTEX 2026: Taiwan makes a coordinated market push

Industry forum at the Taiwan Pavilion, AMTEX 2026. Photo: Machine Tools World.

More than 20 Taiwanese companies presented:

- Smart machinery and automation equipment
- Precision machining and EDM solutions
- Cutting tools and industrial components
- Flexible production and integrated manufacturing systems

Competitive implication: Taiwanese suppliers are positioning themselves as a coordinated, cost-competitive alternative offering customisation and integrated solutions. Japanese firms will need a sharper value proposition and stronger local responsiveness.

MRC market-entry interpretation

Customer priority	Market implication for CNC suppliers
Productivity and payback	Demonstrate cost per part, cycle-time reduction and utilisation gains.
Flexible production	Offer quick changeover, automation-ready configurations and high-mix capability.
Quality consistency	Link machine accuracy to scrap reduction, traceability and export-grade standards.
Service assurance	Build local application support, preventive maintenance and spare-parts access.
Price pressure	Segment the market; do not use one specification and price proposition for every customer.

3. Investment and Capacity-Creation Signals

L&T plans major Tamil Nadu investment

Larsen & Toubro signed an MoU to invest approximately ₹186 billion (about US$1.94 billion) in Tamil Nadu, covering electronics manufacturing facilities and a data centre.

Opportunity for machinery suppliers: Demand potential spans precision fabrication, machining, clean production systems, automation, inspection, material handling and supporting infrastructure.

Jabil expands manufacturing footprint in Pune

Jabil opened a new Pune factory in June, taking its India footprint to about 1.2 million square feet and expanding both manufacturing capacity and employment.

Opportunity for machinery suppliers: Electronics contract manufacturing drives demand for high-throughput automation, fixtures, precision components, test and inspection systems, and supplier-development support.

Sona Comstar moves into robotics components

The automotive component supplier announced an investment of ₹626 million as it entered the advanced robotics segment.

Opportunity for machinery suppliers: The move illustrates how established Indian auto-component groups are diversifying into higher-technology industrial markets and may become customers, partners or competitors.

Electronics PLI investment reaches ₹960 billion

Manufacturing Today reported that mobile-manufacturing PLI programmes had attracted about ₹960 billion in investment by the end of July.

Opportunity for machinery suppliers: Even where CNC demand is indirect, the scale-up supports tooling, jigs, fixtures, precision components, enclosures, automation and inspection equipment.

MRC INSIGHT

Investment announcements should be treated as entry points, not sales leads by themselves. The addressable opportunity is usually found one or two levels below the headline investor: EPC contractors, line builders, Tier-1 component makers, tooling suppliers, system integrators and specialised job shops. A structured project map is therefore more effective than approaching only the project owner.

4. Policy and Competitive Landscape

Import localisation becomes more explicit

In July, the Indian government was reported to have identified US$51 billion of critical imports for a targeted domestic-manufacturing push. An internal analysis estimated that a much larger share of India's merchandise imports could potentially be replaced by local production. For industrial-machinery suppliers, this creates two simultaneous effects: additional equipment demand as domestic capacity is built, and growing pressure to localise supply, service and eventually assembly.

How the competitive field is evolving

Supplier group	Typical strength in India	Main challenge/opportunity for Japanese firms
Indian	Price, service reach, customer familiarity	Compete through high-value applications; consider integration or distribution partnerships.
Taiwanese	Strong mid-range CNC offering, customisation, coordinated promotion	Differentiate with lifecycle performance and process capability, not country-of-origin alone.
Chinese	Aggressive price and expanding automation/EV technology links	Protect premium segments but prepare for growing capability in entry and mid-market applications.
European	High-end systems, advanced automation and niche technology	Japanese firms can compete on reliability, application fit and often a stronger Asia service model.
Japanese	Precision, reliability, installed-base trust	Need faster localisation, sharper ROI communication and wider access to non-Japanese customers.

Recommended initial positioning for a Japanese CNC entrant

1. Target applications where tolerance, uptime and process stability materially affect customer economics.
2. Concentrate first on western and southern clusters: Maharashtra, Gujarat, Karnataka and Tamil Nadu.
3. Select distributors by application capability, service resources and access to priority sectors - not only geographic reach.
4. Use pilot installations and reference customers to establish cost-per-part evidence.
5. Plan local spare-parts stocking and application engineering before pursuing rapid sales expansion.

5. Opportunity Spotlight: Aerospace and Precision Components

India's aerospace, defence and high-precision engineering ecosystems continue to expand, with strong clusters in Bengaluru, Hyderabad, Pune, Chennai and Gujarat. These sectors are attractive to Japanese machine-tool manufacturers because purchasing decisions are more closely connected to process capability, repeatability, traceability and certification than to the lowest capital price.

Opportunity area	Likely equipment demand	Entry consideration
Aerospace structural parts	5-axis machining, large-envelope machining, high-speed milling	Application proof and tooling/process package are critical.
Engine and rotating parts	Turning, mill-turn, grinding, inspection	Emphasise stability, surface finish and process validation.
Defence precision components	Flexible CNC, EDM, metrology	Customer qualification cycles can be long; local relationships matter.
Medical and electronics precision	Small-part turning, micro-machining, automation	Strong fit for compact, high-accuracy Japanese equipment.
Job shops serving export customers	Productive VMCs, automation, digital monitoring	ROI, financing and service response may decide the order.

MRC RECOMMENDED ACTION

A Japanese supplier evaluating India should begin with a 6-10 week opportunity and partner-validation exercise: identify priority applications, map 30-50 target accounts, interview customers and integrators, benchmark competing solutions, and shortlist distributors with proven technical-service capacity. This creates a fact-based entry plan before committing to a nationwide sales structure.

What to watch in August-September 2026

- Follow-through on India's critical-import localisation programme.
- New automotive, EV, aerospace and defence capacity announcements.
- Orders and partnerships emerging from AMTEX and INTEC.
- Evidence of machine-tool suppliers expanding local assembly, technology centres or service coverage.
- Input-cost and energy-price effects on manufacturers' investment timing.

Sources and Editorial Note

- **Ministry of Statistics and Programme Implementation / PIB:** India's Index of Industrial Production records growth of 7.3% in June 2026, 28 July 2026.
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- **Reuters:** India identifies US$51 billion in critical imports for domestic manufacturing push, 16 July 2026.
- **Reuters:** India's L&T to invest nearly US$2 billion in Tamil Nadu, 4 June 2026.
- **Machine Tools World:** Taiwan Showcases Smart Manufacturing Solutions at AMTEX 2026, 25 July 2026.
- **Machine Tools World:** FFG Showcases Advanced CNC Machining Solutions at INTEC 2026, 13 June 2026.
- **Manufacturing Today India:** Jabil expands India footprint to 1.2 million sq ft, 19 June 2026.

- **Manufacturing Today India:** Sona Comstar moves into robotics manufacturing, 21 June 2026.
- **Manufacturing Today India:** PLI scheme drives ₹96,000 crore mobile manufacturing investment, 31 July 2026.

Editorial note: This publication is a selective executive brief, not an exhaustive record of all Indian industrial developments. MRC analysis and recommendations are interpretations of publicly reported information and should be validated for a specific company, product and target segment before investment decisions are made.

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