

## NITI Aayog report on India's Hand & Power Tools Sector

**Prelims (GS I)** - *Economic and Social Development.*

**Mains (GS III)** - *Employment | Growth & Development | Inclusive Growth.*

### Why in news?

Recently, NITI Aayog released a report named, *Unlocking \$25+ Billion Export Potential - India's Hand & Power Tools Sector.*

- **Objective** - To outline a strategic path for the sector to enhance its global competitiveness and capture a significantly larger share of the international market.

### Findings of the report

- **Global market** - The worldwide tools market, which was estimated in 2022, is anticipated to be doubled to expand by 2035.
- Hand tools and Power tools sector are expected to experience steady growth.
- China dominates global exports, holding about **50%** of the hand tools market and **40%** of the power tools market
- **Indian market** - India has a smaller presence, 1.8% market share in hand tools and 0.7% market share in power tools.
- **India's potential** - India can reach 10% market share in power tools and 25% in hand tools in exports over the next decade.
- It could create approximately 35 lakh jobs.
- **Challenges in Indian tools market growth** - Cost disadvantage compared to China due to higher structural costs and smaller operational scale.
- This disadvantage stems from elevated raw material costs, such as steel, plastic, and motors and lower labour productivity.
- Higher interest rates and logistics costs for transporting goods from inland states to ports.

### Suggested measures by the report

- India can solidify the nation's position as a reliable, high-quality global manufacturing hub by,
  - Fostering innovation
  - empowering our MSMEs
  - Strengthening India's industrial ecosystem
- Developing world-class hand tool clusters under a public-private partnership (PPP) with advanced infrastructure.
- Addressing structural cost disadvantages through market reforms such as reducing import duties and reducing penal provisions like interest on defaults.

- Providing bridge cost support to offset cost disadvantages to give impetus to growth of the sector.

### Quick Facts

- **Hand tools** - These are non-motorized tools that rely on manual effort.
- Common examples include screwdrivers, hammers and handsaws.
- **Power tools** - Power tools use external source such as electricity or batteries to work faster and stronger.
- Both types are essential in construction, woodworking, automotive repair, and other industries.
- **Hand and Power tools sector** - The tools industry serves as a foundational pillar of the global manufacturing ecosystem.
- The Hand and Power Tools sector represents a significant opportunity to realise India's ambition of becoming a global manufacturing hub.

### Reference

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