

India's Industrial Transformation: Can Manufacturing Growth Deliver Jobs and Inclusive Development?

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Strong growth in manufacturing creates jobs and expands inclusive development

India’s manufacturing sector is emerging as a powerful engine of economic growth, investment, exports and employment. Driven by Make in India, PLI schemes, FTAs and MSMEs, it will strengthen global competitiveness, generate millions of livelihood opportunities and create productive jobs for India’s growing young population. By promoting skill development, women’s participation, regional industrialisation and inclusive opportunities, manufacturing will play a transformative role in achieving inclusive growth and realising Viksit Bharat 2047.

India’s Emerging Manufacturing Ecosystem

India's manufacturing sector is playing an increasingly important role in the country's economic growth. Rising domestic demand, better infrastructure, government initiatives and stronger global trade links are creating new opportunities for the sector. As India moves towards its vision of Viksit Bharat 2047, manufacturing is playing a major role in strengthening the economy, improving productivity, promoting innovation and creating jobs across different sectors and skill levels.

Make in India has emerged as a key driver of manufacturing growth, attracting investments, boosting domestic production, generating employment, expanding exports and strengthening India's integration into global value chains. The manufacturing sector has performed well in recent years in both production and employment. According to the Annual Survey of Industries 2024-25, GVA in registered manufacturing increased by 9.6%, while employment rose by 7.2%. This reflects the sector's stable growth and its increasing role in creating jobs and supporting India's economic development.

India's overall economic performance has also remained strong, with real GDP growth revised to 7.8% for FY2025-26 and recorded at 7.8% in Q1 FY2026-27. In the same quarter, manufacturing GVA grew by an impressive 9.2%, underscoring its growing contribution to the economy. Going forward, continued investment, adoption of new technologies, skill development and greater participation by businesses and workers will be important for sustaining this growth and building a strong, competitive manufacturing sector.

Expanding Capacity, Investment and Value Addition

India's registered manufacturing sector has shown encouraging progress in industrial capacity, value creation and investment. The ASI 2024-25 recorded an increase in the number of registered factories from 2.60 lakh in FY2023-24 to 2.67 lakh in FY2024-25, reflecting a 2.64% expansion. Gross Value Added rose from ₹24.58 lakh crore to ₹26.94 lakh crore, a 9.59% increase. Similarly, industrial output rose by 7.81% to ₹165.24 lakh crore, highlighting the expanding scale of manufacturing activities.

Employment performance has been equally encouraging. The number of persons engaged in registered manufacturing increased from 1.96 crore to 2.10 crore, an addition of around 14 lakh persons during the year. Total emoluments paid to workers increased by 12.08% to ₹8.03 lakh crore, indicating that aggregate worker remuneration has grown in line with the expansion in employment.

Investment activity has further strengthened the sector's growth avenues. Fixed capital increased by 10.54% to ₹51.12 lakh crore, reflecting continued capacity creation and investment in industrial infrastructure. The positive momentum has also continued into FY2026-27. In Q1, manufacturing GVA grew by 9.2%, supported by strong performance in electrical equipment, other transport equipment and computer, electronic and optical products, which recorded year-on-year IIP growth of 27.0%, 19.5% and 12.4%, respectively.

Manufacturing output increased by 7.6% in September 2026, while overall industrial production grew by 6.8% during April-Sept 2026, up from 4.4% in the same period last year. Moreover, Gross Fixed Capital Formation expanded by 11.9% in Q1 and bank credit to industry grew 20% year on year in July 2026. These developments indicate that investment activity is strengthening and that industries are gradually expanding their production capacity.

Translating Industrial Expansion into Livelihood Opportunities

Manufacturing is a major source of employment, creating jobs for people with diverse skills. Registered manufacturing employment has now reached 2.1 crore persons in 2024-25. This represents an increase of approximately 14 lakh persons in a single year. The Periodic Labour Force Survey (PLFS) 2025 also indicates an increase in manufacturing's contribution to overall employment, with its share rising from 11.6% to 12.1%. This shows that the sector is creating more job opportunities and supporting livelihoods across the country.

The continued expansion of manufacturing creates opportunities for skilled, semi-skilled and first-time workers. Its employment potential extends beyond factory operations to logistics, transportation, supply-chain management, quality control, maintenance and other supporting services. As India's industrial ecosystem expands, strengthening the link between manufacturing investment and workforce development will be important to ensure economic growth translates into sustainable employment opportunities.

India’s Free Trade Agreements (FTAs) are strengthening India’s manufacturing potential by expanding access to global markets, reducing trade barriers, diversifying raw material supplies, attracting investment and integrating domestic industries into global value chains. They will boost export competitiveness, value addition, technological advancement and sustainable, manufacturing-led growth. During April–October FY 2026–27, India's merchandise exports grew 21.96% year-on-year to US$ 309.06 billion, propelled by a 45.06% surge in October. Petroleum products, electronic goods, engineering goods, gems and jewellery, organic and inorganic chemicals.

Creating Opportunities Across the Workforce

Labour-intensive industries have a particularly important role in ensuring that manufacturing growth remains employment-oriented and inclusive. Food products, textiles, basic metals, motor vehicles and wearing apparel collectively account for approximately 41% of registered manufacturing employment. In 2024-25, the food products industry employed 23.6 lakh persons, followed by textiles at 17.6 lakh, basic metals at 15.8 lakh, motor vehicles at 14.8 lakh and wearing apparel at 14.6 lakh. Together, these five industries employed 86.4 lakh persons.

These industries provide great opportunities for semi-skilled workers, women and individuals entering the formal workforce for the first time. Their linkages with Micro, Small and Medium Enterprises (MSMEs), rural production networks and semi-urban economies also make them important instruments of regional employment generation.

MSMEs Strengthening Industrial Development

MSMEs are a vital part of India's manufacturing sector, employing millions, supporting export growth and contributing to economic development nationwide. According to the Economic Survey 2025-26, MSMEs account for approximately 35.4% of manufacturing, 48.58% of exports and 31.1% of India's GDP. With more than 7.47 crore enterprises employing over 32.82 crore people, the sector is the second-largest employer after agriculture.

As India strengthens its presence in global markets, greater MSME participation will be crucial to building strong, competitive and reliable supply chains. In 2024, India accounted for an estimated 2.9% of global manufacturing GVA and 1.8% of global merchandise exports, indicating considerable opportunities to expand its presence in international markets. Improving access to finance, technology and markets, as well as ensuring timely payments, will further strengthen MSMEs and enable them to participate more effectively in India's expanding manufacturing and export sectors.

PLI Accelerate Manufacturing Competitiveness

Policy support and investment incentives have emerged as key enablers of India's manufacturing expansion. The Production Linked Incentive (PLI) Schemes, introduced across 14 key sectors with an approved financial outlay of ₹1.91 lakh crore, aim to enhance domestic manufacturing capabilities, attract investment, increase exports and generate employment. As of 31 March 2026, the schemes had facilitated investments exceeding ₹2.40 lakh crore and generated more than 14.15 lakh direct and indirect jobs. Cumulative exports under the schemes rose from ₹4 lakh crore in March 2024 to ₹15.2 lakh crore in March 2026.

Electronics Manufacturing Support Employment and Global Competitiveness

Over the past decade, India's electronics manufacturing sector has grown significantly. It is creating new employment opportunities and contributing to the country's rising exports. Electronics production increased from ₹1.90 lakh crore in 2014-15 to an estimated ₹13.11 lakh crore in 2025-26, representing nearly a sevenfold increase. Electronics exports expanded even more, rising from ₹38,263 crore to ₹4.24 lakh crore over the same period. Electronic goods have now become India's third-largest export category, with exports reaching USD 47.96 billion in FY2025-26.

The mobile phone manufacturing segment has been a major contributor to this transformation. Production has increased from ₹18,900 crore in 2014-15 to ₹6.27 lakh crore in 2025-26, a 33-fold increase. Mobile phone exports have also expanded from ₹1,566 crore to ₹2.60 lakh crore, a 165-fold increase. India has evolved from a net importer of mobile phones to the world's second-largest mobile phone manufacturer and a major global export hub. In FY2025-26, mobile phones have become India's largest export product, up from the 153rd largest export item in FY2014-15.

Broadening Benefits of Manufacturing Growth

Regional growth will be key to making India's manufacturing progress more inclusive. In 2024-25, Tamil Nadu, Maharashtra, Gujarat, Uttar Pradesh and Haryana were the five states with the most manufacturing jobs, accounting for approximately 56% of all manufacturing employment. Expanding industrial clusters and manufacturing units into more regions will create more jobs, provide new opportunities for local businesses and help ensure the benefits of industrial growth reach different parts of the country. India's young population is another major strength. This requires a greater focus on skill development, on-the-job training, vocational education and industry-based training to help young people prepare for new jobs in the manufacturing sector.

Going forward, greater participation of women through safe workplaces and improved transport and housing facilities around industrial areas can further expand the manufacturing workforce and strengthen the sector's contribution to inclusive economic development.

Manufacturing as a Driver of Viksit Bharat 2047

With expanding manufacturing capabilities, a growing domestic market and a supportive policy environment, India is well positioned to further strengthen its role as a competitive global manufacturing destination. By aligning industrial growth with job creation, innovation and inclusive development, manufacturing can become a key pillar in realising the vision of Viksit Bharat 2047.

Going forward, sustained investment, technological innovation, skill development, stronger MSME participation and balanced regional industrialisation will be important to further strengthen this momentum. Greater participation by women and youth will also ensure that the benefits of industrial expansion reach a broader segment of society.

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