



# शोधामृत

(कला, मानविकी और सामाजिक विज्ञान की सहकर्मी समीक्षित, मूल्यांकित, त्रैमासिक शोध पत्रिका)

ISSN : 3048-9296 (Online)

3049-2890 (Print)

IIFS Impact Factor-4.0

Vol.-3; issue-1 (Jan.-March) 2026

Page No- 277-280

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## Make in India and Development of Manufacturing Sector in India

**Introduction :** As we know the scheme 'Make in India' was launched in September 2014 by the Union Government with the aiming to boost up entrepreneurship in India, not only in manufacturing but also in other sectors. Previous reforms like New Economic Policy 1991 and New Industry Policy 1991 were focused to make India up to date with the world. The first condition for the development of any country is the growth of its industrial sector which generates full time employment which further leads the GDP growth. Presently, the primary sector, secondary sector and tertiary sector contribute 18.5, 32.5 and 49 percent to India's GDP respectively. The objective of Make in India was to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in manufacturing infrastructure. So it is clear that the scheme works with the groups of scheme.

**Literature Review :** The manufacturing sector plays important role for economic growth of India and it will play as a catalyst for sustainable development for the nation (Eva Thakur 2024). In the stage of middle income, manufacturing sector pulls along all the sectors, and any decline in the sector negatively affects other sector growth. (Su Dan et al 2017). India may achieve significant growth by collaboration with industry, government and Academia. From several research in academia suggests more ways to achieve growth, that will boost Make in India scheme (Sharma Bhawna et al 2024). The import of mobile phone was come down from this campaign and India saved Rs. 3 lakh crores possible outflow from 2014 (Neha et al 2025).

**Make in India :** is a campaign to transform India into a global hub for manufacturing and design by attracting foreign and domestic investment, fostering innovation, and promoting job creation within the country. It aims to boost economic growth by encouraging companies to manufacture their products in India, thereby making the country a key player in global supply chains. The initiative has created a more conducive environment for businesses

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through improved ease of doing business, investment facilitation, and fostering public-private partnerships. The initiative was started with the objectives:

- Increase the growth rate of the manufacturing sector to 12-14% per annum.
- Create 100 million additional manufacturing jobs by 2022 (revised to 2025).
- Increase the manufacturing sector's contribution to [GDP](#) to 25% by 2025.

**Manufacturing sector :** It encompasses industries that transform raw materials or essential parts into finished, more valuable products using machinery, processes, or even labor-intensive methods. It allows businesses to sell finished products at a higher cost than the value of the raw materials used. Thus it boosts GDP at increased rate. In initial stage manufacturing sector was fully dependent on handmade technique, later on as technologies developed there was revolution taken place in industrial sector. Now-a-days Industry 4.0 era will compass industry to be dependent on Artificial Intelligence rather than traditional method to manufacture goods. According to Economic Survey 2023-24, manufacturing sector presented at the forefront of the Indian industrial sector achieving an average annual growth rate of 5.2 per cent in the last decade. Provisional Estimates in 2023-24 it was 9.5 percent which is good news for our GDP. The manufacturing sector is contributing 17% to India's GDP presently.

**Employment and Make in India :** As per the Economic Survey 2021-22 manufacturing sector consist 6.12 Crores jobs in India. Almost 40 percent workforce involves in manufacturing sector for their livelihoods. Only 0.91 percent workers are self employed in this sector, remaining is employees of formal sector, which is a relief for policy makers to identify them.

It is known that to boost the economy we need additional demand as well as appropriate supply of goods. India faces high unemployment and low growth rate in GDP. The scheme was launched to tackle both the problem simultaneously. As per **Accelerator Theory of Investment** (Samuelson) as the income increases we should raise the investment volume, in other words Net investment is the function of change in income. To meet the additional demand by increased income we should enhance the supply by creating excess capacity. So capital goods are needed and investment plays vital role, this investment is called induced investment. Here Accelerator is the numerical value of increased investment resulting from increase in income.

$$K_t = vY_t$$

K = warranted capital stock

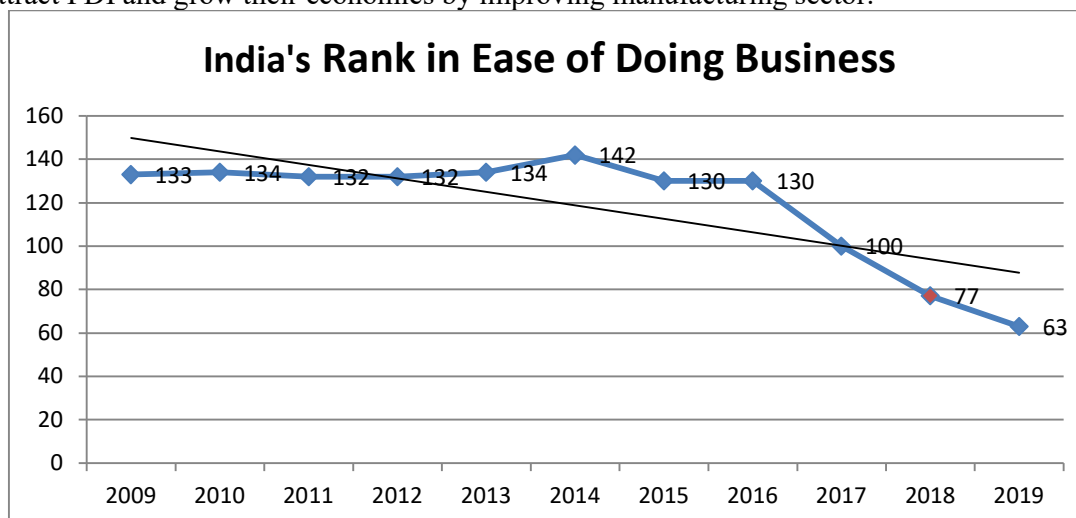
v = capital-output-ratio

Y = Income

In the theory the 'v' remains constant, so to meet the depreciation value of stock per year we need capital replacement. Therefore in the scheme Make in India, a greater value of investment is essential for its well functioning. To meet the aim govt. put an investor-friendly Foreign Direct Investment (FDI) policy, under which most sectors are open for 100% FDI through the automatic route. As a result, FDI inflows have seen a steady rise—from USD 36.05 billion in FY 2013–14 to USD 81.04 billion (provisional) in FY 2024–25, marking a 14% increase from USD 71.28 billion in FY 2023–24. Manufacturing FDI in India is significantly negatively affected by tariffs, import-intensity and R&D intensity, whereas it is significantly positively impacted by concentration of market power. FDI equity inflows into the manufacturing sector over the past decade (2014-24) reached USD 165.1 billion, marking a 69% increase compared to the previous decade (2004 -14), which saw inflows of USD 97.7 billion.

**Ease of Doing Business :** Ease of Doing Business (EoDB) Ranking was important and popular ranking among countries. The World Bank paused it in 2020 and eventually discontinued this specific "Doing Business" report in 2021 due to data irregularities involving other countries, but previous ranking remains a popular historical reference for India's

economic reforms during that decade. The rank compels countries to improve their policies to attract FDI and grow their economies by improving manufacturing sector.



Source: World Bank Data

This figure shows India's ranking in the World Bank's Ease of Doing Business index from 2009 to 2019. It tracks how easy (or difficult) it is for entrepreneurs to set up and operate a business in the country. While the rank fluctuated between 130 and 142 for the first half of the decade, but after 2014 the rank was improved overall. That could be a result of reforms undertaken under Make in India. India made a massive leap from 130 in 2016 to 63 in 2019. This represents an improvement of 67 places in just three years. The thin black line is a linear regression (trend line). It shows that despite the early years of high rankings, the overall trajectory of the decade was one of consistent improvement.

(B) RBI'S FDI INFLOW DATA AS PER INTERNATIONAL BEST PRACTICES  
(As per RBI's monthly bulletin):

(Amount in USD Million)

Sr. NO.	Financial Year (April - March)	FOREIGN DIRECT INVESTMENT (FDI)						Investment by FII's Foreign Institutional Investors Fund (net)
		Equity			FDI INFLOW INTO INDIA			
		Government Route/ Automatic Route/ Acquisition Route	Equity capital of unincorporated bodies #	Re-invested earnings +	Other capital +	Total FDI inflow	%age growth over previous year (in USD terms)	
1	2000-01	2,339	61	1,350	279	4,029	-	1,847
2	2001-02	3,904	191	1,645	390	6,130	(+) 52 %	1,505
3	2002-03	2,574	190	1,833	438	5,035	(-) 18 %	377
4	2003-04	2,197	32	1,460	633	4,322	(-) 14 %	10,918
5	2004-05	3,250	528	1,904	369	6,051	(+) 40 %	8,686
6	2005-06	5,540	435	2,760	226	8,961	(+) 48 %	9,926
7	2006-07	15,585	896	5,828	517	22,826	(+) 155 %	3,225
8	2007-08	24,573	2,291	7,679	300	34,843	(+) 53 %	20,328
9	2008-09	31,364	702	9,030	777	41,873	(+) 20 %	-15,017
10	2009-10	25,606	1,540	8,668	1,931	37,745	(-) 10 %	29,048
11	2010-11	21,376	874	11,939	658	34,847	(-) 08 %	29,422
12	2011-12	34,833	1,022	8,206	2,495	46,556	(+) 34 %	16,812
13	2012-13	21,625	1,059	9,880	1,534	34,298	(-) 26 %	27,582
14	2013-14	24,299	975	8,978	1,794	36,046	(+) 5 %	5,009
15	2014-15	30,933	978	9,988	3,249	45,148	(+) 25 %	40,923
16	2015-16	40,001	1,111	10,413	4,034	55,559	(+) 23 %	-4,016
17	2016-17	43,478	1,223	12,343	3,176	60,220	(+) 8 %	7,735
18	2017-18	44,857	664	12,542	2,911	60,974	(+) 1 %	22,165
19	2018-19	44,366	689	13,672	3,274	62,001	(+) 2 %	-2,225
20	2019-20	49,977	1,757	14,175	8,482	74,391	(+) 20 %	552
21	2020-21	59,636	1,452	16,935	3,950	81,973	(+) 10 %	38,725
22	2021-22 (P)	58,773	910	19,347	5,805	84,835	(+) 3 %	-14,071
23	2022-23 (P)	46,034	1,566	19,105	4,650	71,355	(-) 16 %	-4828
<b>CUMULATIVE TOTAL (from April, 2000 to March 2023)</b>		<b>637,320</b>	<b>21,146</b>	<b>209,680</b>	<b>51,872</b>	<b>920,018</b>	<b>-</b>	<b>234,628</b>

Source: (i) RBI's Bulletin for May, 2023 dt. 22.05.2023 (Table No. 34 - FOREIGN INVESTMENT INFLOW).

(ii) Inflow under the acquisition of shares in March, 2011, August, 2011 & October, 2011, include net FDI on account of transfer of participating interest from Reliance Industries Ltd. to BP Exploration (Alpha).

(iii) RBI had included Swap of Shares of USD 3.1 billion under equity components during December 2006.

(iv) Monthly data on components of FDI as per expended coverage are not available. These data, therefore, are not comparable with FDI data for previous years.

(v) Figures updated by RBI up to March, 2023. Figures are provisional.

(vi) Data in respect of 'Re-invested earnings' & 'Other capital' are estimated as average of previous two years.

# Figures for equity capital of unincorporated bodies are estimates. (P) All figures are provisional

From the above chart it is clearly shown that after launching of Make In India there was significantly positive change in inflow of FDI as +25% in 2014-15 and +23% in 2015-16. But after that period the growth in FDI inflow was slow. Finally the total volume of FDI is growing till time.

**Impact of pandemic on Make in India :** Post-COVID-19, World is staring at a transformational change with altered global order and alignments and changed supply chains. While this may cause some problems in the short term, it has presented a unique opportunity for us to position India as a Global manufacturing hub with a big push under 'Make in India'. Already, several companies currently located in China, have expressed their desire to relocate to India. But what happened in real The Henley Private [Wealth Migration Report 2024](#) has revealed that [India](#) is set to experience a significant net loss of 4,300 [millionaires](#) in 2024. While this represents a decrease from the 5,100 who left in 2023, India remains one of the top countries for high-net-worth individual (HNWI) departures globally.

**Conclusion :** FDI is important factor, but it depends on two other barriers the first one is [production cost](#) (mainly land and labour expenses) in Southeast Asia is 12 percent lower than that in India, the other is the state of [labour productivity](#). According to an analysis of the Annual Survey of India data, India's labour productivity has been on a [downward spiral for the last 8 years](#). So we have to homework on these two factors primarily. At the same time, there is a need to work in other areas as well so that the economy continues to grow at its pace.

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