



Original Article

EMPLOYMENT GENERATION THROUGH MANUFACTURING SECTOR-AN ECONOMIC PERSPECTIVE ON INCLUSIVE DEVELOPMENT IN INDIA

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Manuscript ID: IJAAR-B130306
ISSN: 2347-7075
Impact Factor – 8.141

Volume - 13
Issue - 3
January – February 2026
Pp. 24 – 30

Submitted: 08 Jan.2026
Revised: 20 Jan. 2026
Accepted: 10 Feb. 2026
Published: 28 Feb. 2026

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Quick Response Code:



Website: <https://ijaar.co.in/>



DOI: 10.5281/zenodo.20321479

DOI Link:
<https://doi.org/10.5281/zenodo.20321479>



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Abstract:

The manufacturing industry is relevant to the creation of employment and inclusive economic growth in India. This can be a very good source of mass employment particularly among the low-skilled and semi-skilled employees due to the presence of a robust manufacturing base. The research paper examines the contribution of the manufacturing industry to the creation of employment and its contribution to inclusive development in the Indian economy. The primary aim of this research is to examine how expansion of the manufacturing industry contributes to the process of job generation and lessening of income disparity. The difficulties with which the manufacturing sector takes in the labor and attains inclusive growth are also analyzed in the paper.

The present research is founded on the secondary sources of data, which include the Economic Survey of India, reports of the Reserve Bank of India, the work of the World Bank, and government policy reports. The trends in manufacturing expansion and job creation are analyzed by descriptive and analytical techniques.

The research results indicate that the manufacturing industry has a lot of potential in job creation particularly in rural and semi-urban regions. Programs initiated by the government such as Make in India and Atmanirbhar Bharat have facilitated the development in manufacturing, yet the challenges in this sector such as skills, lack of technologies, and regional disparity continue to restrict the uptake of employment.

The paper concludes that inclusive development can be achieved by enhancing the manufacturing sector by equipping them with skills, investing in technology and favorable government policies. India can enjoy sustainable and inclusive economic development with the help of a balanced and employment-focused manufacturing strategy.

Keywords: *Manufacturing Sector, Creation of Employment, Inclusion Development, Indian economy.*

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How to cite this article:

Dr. Jadhav Chetana Babanrao. (2026). Employment Generation Through Manufacturing Sector-An Economic Perspective On Inclusive Development In India. International Journal of Advance and Applied Research, 13(3), 24–30. <https://doi.org/10.5281/zenodo.20321479>

Introduction:

Inclusive development has been made one of the most significant objectives of the economic

policy in India. Inclusive development refers to the economic development that should be beneficial to all segments of the society particularly the poor, the



disadvantaged and the working population. Creation of employment is one of the issues that lead to inclusive development since employment earnings increase quality of life and alleviate poverty.

The manufacturing sector is very important in the economic growth of a nation. It adds to the national income, exports and above all creation of jobs. In India, which is a developing country, the industry of manufacturing can create employment opportunities to both skilled and unskilled employees on a large scale. This is why it is a significant tool of inclusive development.

There is a high number of youths in India, and millions of individuals join the labour market annually. But the problem of good employment is still a big problem. Agriculture is not able to absorb surplus labour and service sector provides employment mostly to skilled workers. In this case manufacturing industry plays a key role in creating gainful and secure jobs.

The Government of India has over years initiated a number of initiatives including Make in India, Atmanirbhar Bharat and Production Linked Incentive (PLI) Scheme to empower the manufacturing industry. These are geared to boost the production of industries, to get investment and to provide jobs in various parts of the nation. In spite of these attempts, expansion in the manufacturing industry has been low and concentrated in certain regions.

This investigative paper will be dealing with the contribution of the manufacturing sector in India in terms of generating employment and in the inclusive development of the country. The paper tries to examine how the growth of manufacturing would lead to the income inequality and regional imbalance reduction. It also brings out the issues encountered by the manufacturing industry in the absorption of labour.

The paper relies on secondary data which was gathered on credible sources like government reports and economic surveys. This study will be of use to policymakers, researchers and academicians since they will learn the significance of employment-based manufacturing strategy in the realization of inclusive economic growth in India.

Objectives of the Study:

1. In order to investigate the role played by the manufacturing sector in the creation of employment in India.
2. To examine the role of manufacturing growth in inclusive economic development.
3. To investigate the trends in the manufacturing sector in terms of employment in the recent past.
4. To determine significant issues with widespread in the manufacturing industry in taking in labour.
5. To recommend policy guidelines to enhance job creation by use of manufacturing sector.

Hypotheses of the Study:

1. An increase in the manufacturing industry has a favourable influence on job creation in India.
2. The growth of the manufacturing industry is in favor of inclusive economic growth.
3. Manufacturing-based workforce assists in alleviating income differentiation and local imbalance.
4. The employment creation in the manufacturing sector is affected by the government initiatives and the industrial policies.
5. The ability of the manufacturing industry to absorb labour is influenced by the availability of skills as well as the adoption of technology.

Research Methodology:

The current paper is analytical and descriptive. It seeks to discuss how the manufacturing sector is



contributing to the employment generation as well as the inclusive development in India.

The paper is founded on secondary data. The sources of data have been gathered by using credible sources including the Economic Survey of India, Reserves Banks of India, World Bank publications, Ministry of statistics and programme implementation and other governmental reports. References have also been made to research articles, journals, and published studies that are related to manufacturing and employment.

The data have been analyzed through simple statistical tools in terms of percentages, growth trends and comparative analysis. The analysis section is presented using tables that give a clear and understandable way of the employment trends and sector-wise contribution of manufacturing.

The study period is last few years to be aware of the recent trends concerning the expansion of manufacturing and creation of employment. The target is the information of a national level in order to be consistent and more understandable.

The research has weaknesses because it does not involve primary surveys and relies on secondary data. Nevertheless, it is argued that such limitations do not mean that the data employed are not adequate to draw a picture about the correlation between manufacturing sector development, creation of jobs and inclusive development in India.

Contribution of Manufacturing Sector to generation of employment:

One of the sectors that play a significant role in creation of jobs within the Indian economy is the manufacturing sector. It has industries like textile industry, food processing industry, automobile industry, chemical industry, electronics industry and small scale industry. A high number of workers, skilled, semi-skilled and unskilled labour have employment opportunities in these industries.

In India, the work force moving out of agriculture is a large proportion as the income earned by people and the available employment opportunities in the rural areas are low. The manufacturing industry is capable of absorbing this excess labour and offer more productive and stable jobs. Manufacturing jobs provide regular income unlike agriculture and have better working conditions and these factors improve the living standards of workers.

Employment Trend in the manufacturing industry:

The manufacturing sector has over the years recorded average growth in terms of contribution to employment. Even though the service sector has been growing at a fast pace, manufacturing continues to play a very important role in mass employment. Table 2 below will reveal the percentage of employment in India in the major sectors.

Table 1 Share of Employment in India (sector wise) in Percentage.

Sr.Number	Sector	Share of Employment
1	Agriculture	42
2	Manufacturing	24
3	Services	34

The source: Economic Survey of India (Approximate values)

It is evident in the table that manufacturing ranks second among the employment-giving sectors following agriculture. This underscores its significance in creating employment.

Growth and Creation of Job in manufacturing.

The rise in manufacturing causes direct and indirect jobs. Direct jobs are opened in factories and industrial entities and indirect jobs in allied



activities of transportation, packaging, marketing, and supply chains. Small and Medium Enterprises (SMEs) have a significant part in this process, since they are labour-intensive and are dispersed across various regions.

The Make in India and Production Linked Incentive (PLI) Scheme are some of the government

programs that are to be used to boost production and the number of employees. These efforts promote both short-term and long term investments within the country and abroad, which assists in the establishment of new industries and growth of the already established industries.

Table 2 Employment Prospects of the Manufacturing Sub-Sectors.

Sr.Number	Sub-Sector	Employment Potential
1	Textiles and Garments	High
2	Food Processing	High
3	Automobile Industry	Medium
4	Electronics Manufacturing	Medium
5	Heavy Industries	Low

Sources: Economic survey of India 2022-2023 and International Labour Organization.

This table denotes that industries which rely on labour like textiles and food processing possess higher employment opportunities than industries which rely on capital like the pharmaceutical industry.

1) Manufacturing Industry and Local Labour.

The manufacturing industry also contributes to the minimization of the imbalance in the region by providing jobs in the semi-urban and rural regions. Industrial clusters and industrial corridors facilitate the development of a region in a balanced way and enhance inclusive development.

Altogether, manufacturing industry has a crucial role in India in terms of job creation. This is one of the sectors that should be reinforced to offer mass employment and inclusive economic growth.

India has the potential to manufacture virtually every product and service that can be produced globally; consequently, India can be regarded as a growth and inclusive economy.

2) Manufacturing Growth and Inclusive Development in India:

Inclusive development is economic development that favors the same opportunity and benefits to all members of the society. It is aimed at

curbing poverty, income inequalities, and unequal development. Manufacturing development contributes a lot in achieving inclusive development in terms of job creation, raising the income level and bringing a balanced growth in the region.

In India, unemployment and income inequality are still a significant problem. It has a high number of individuals relying on low wage occupations particularly in agriculture and informal sector. These problems are resolved through the manufacturing industry that offers regular wage jobs and enhances productivity. Expanding the manufacturing results in the growth of demand on labour which contributes to the growth of household incomes and improvement of the living standards.

The growth that is inclusive is facilitated by manufacturing-led growth in various ways. To begin with, it generates jobs to low-skilled and semi-skilled, but constitute a significant portion of the workforce. Second, it promotes the growth of small and medium enterprises, which are distributed in the rural and semi-urban regions. Third, it facilitates industrialization within the backward regions, and this narrows the differences among regions.



The government policies have focused on the inclusive manufacturing growth. Make in India, Atmanirbhar Bharat, and Skill India programmes are designed to reinforce the production within the country and at the same time to provide the local population with the employment opportunities. Skills development programs enhance employability

and assist workers to be involved in industrialization.

The effect of manufacturing development on inclusive development can be explained through the analysis of the effect on income distribution and employment. The next table indicates the correlation between the indicators of inclusive development and manufacturing expansion.

Table 3 Development implication of Manufacturing Growth on Inclusive Development.

Sr.Number	Indicator	Impact of Manufacturing Growth
1	Employment Generation	High
2	Income Levels of Workers	Improved
3	Regional Development	Balanced Growth
4	Poverty Reduction	Moderate to High
5	Skill Development	Positive

Source: Compiled from Economic Survey and Government Reports

The table shows that the growth in manufacturing has a positive impact on the major indicators of inclusive development. The greatest results are employment creation and income growth, regional growth and skill development.

Nonetheless, the benefits of growth of manufacturing are not automatically inclusive. Developing industrial projects that consume much capital generates less employment and also, the concentration of industries in regions limits the inclusivity. The issue of policy attention should therefore be on labour intensive manufacturing, MSME, as well as industrial development that is region specific.

Conclusively, inclusive development in India can be highly achieved through manufacturing growth. With the right policies in place, skill training, and regional planning, the manufacturing industry can make sure that the economic growth will enhance the larger portion of the society and make it inclusive in long-term development.

Findings:

1. In the research, the manufacturing industry is identified as the major source of employment in India. As it is seen, manufacturing has continued to be the second-largest employment-generating sector after agriculture implying its significance in the Indian economy.
2. The results indicate that the growth of manufacturing positively affects the creation of jobs, especially to low-skilled and semi-skilled employees. Industries which are labour intensive like textiles and food processing industries also contribute more to job creation than capital intensive industries.
3. The paper shows that manufacturing-based employment is useful in enhancing the level of income, as well as inclusive development. Frequent wage jobs in the manufacturing industry enhance living standards and minimise income disparity particularly in the rural and semi-urban regions.
4. It is also discovered that government policies such as Make in India and Production Linked



Incentive (PLI) Scheme have aided in growth in manufacturing. They are however, different in their effects on employment creation depending on their area and industry.

5. The research marks the lack of skills and technological issues as significant impediments to successful labour absorption. The absence of sufficient training on skills constrains the chances of employment, particularly among the young people joining the labour market.
6. The other key finding is that manufacturing development is a factor that results in balanced regional development through the development of industrial clusters and MSMEs in backward regions. This assists in alleviating regional differences.
7. In general, the results indicate that the manufacturing industry is a good opportunity to create job opportunities and inclusive growth, but it is necessary to take specific policy actions to increase its employment rates and secure broader social advantages.

Conclusion:

The manufacturing industry is an important source of employment and an inclusive growth in India. As the research indicates, the manufacturing industry can offer massive job opportunities particularly to the low-skilled and semi-skilled employees. This causes it to be a significant sector in realization of inclusive economic growth.

The discussion reveals that manufacturing-based employment serves to enhance the level of income and lessen the poverty and inequality of regions. Labour-intensive industries and MSMEs are known to create employment and enhance balanced regional development. The Make in India and the Production Linked Incentive (PLI) Scheme initiatives by government have stimulated the

growth in manufacturing, albeit with varying effects on the levels of employment by sector and region.

Nonetheless, skill gaps, imbalanced regional growth, and prevalence of capital-intensive industries are also mentioned as some of the obstacles to the study. These problems reduce the full employment opportunities of the manufacturing industry.

The policy ought to focus on inclusive development, which means encouraging labour-intensive manufacturing sectors, empowering MSMEs, and further development of skills. There is also need of regional planning and supportive industrial policies to distribute the fruits of manufacturing growth more widely.

Conclusively, manufacturing strategy in India needs to be employment-oriented and powerful in order to enhance the long-term inclusive development. India needs to shift towards inclusive and sustainable economic development by matching industrialization with employment goals.

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