GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE

LOK SABHA

UNSTARRED QUESTION NO. 3740.
TO BE ANSWERED ON TUESDAY, THE 11TH AUGUST, 2026.

CONTRIBUTION OF MANUFACTURING SECTOR TO GDP

3740. SHRI THARANIVENTHAN M S:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:
वाणिज्य एवं उद्योग मंत्री

(a) the details of the contribution of the manufacturing sector to India's Gross Domestic Product (GDP) along with the growth rate of the sector during the last five years, year-wise;

(b) whether the Government has assessed the reasons for the changes in the share of manufacturing in GDP and if so, the details thereof;

(c) the details of measures taken under initiatives such as Make in India, Production Linked Incentive (PLI) Schemes and other industrial development programmes to increase manufacturing capacity, attract investment and generate employment;

(d) whether the Government has fixed any targets to enhance the share of manufacturing in GDP and if so, the details thereof along with the progress achieved; and

(e) the steps taken by the Government to address challenges faced by the manufacturing sector, including high input costs, infrastructure constraints, availability of skilled manpower, technology adoption and competitiveness of domestic industries?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI JITIN PRASADA)

(a) & (b): India's manufacturing sector has experienced an increase in the contribution to India's Gross Value Added (GVA). As per the National Accounts Statistics released by the Ministry of Statistics and Programme Implementation, the contribution of manufacturing sector to country's GVA along with the growth is as follows:

Year-wise contribution of manufacturing sector in GVA at constant prices (Base Year 2022-23)

Year	Contribution of Manufacturing in GVA (in %)	Growth Rate (in %)
2022-23	14.65	-
2023-24	15.40	12.7
2024-25 (FRE)	15.69	9.3
2025-26 (PE)	16.10	10.7

FRE- First Revised Estimate; PE- Provisional Estimate

Note: The figures of GVA for the revised base of the national accounts (2022–23) are available from 2022–23 onwards, while the corresponding growth rates are available from 2023–24 onwards.

The increase in the share of manufacturing sector is due to change in the level of manufacturing activity in the country supported by various Schemes/initiatives announced by the Government of India.

(c) to (e): Government of India has taken several measures to increase manufacturing capacity, attract investment and generate employment. The 'Make in India' initiative was launched on 25th September 2014 to facilitate Investment, foster Innovation, build best in class Infrastructure, and make India a hub for manufacturing, design, and innovation. Presently, Make in India 2.0 focuses on 27 sectors including 15 manufacturing sectors, implemented across various Ministries and Departments and State Governments.

As part of Make in India initiative, the Production Linked Incentive (PLI) schemes have been implemented across 14 key sectors, namely Large-Scale Electronics Manufacturing (LSEM), IT Hardware, Pharmaceuticals, Bulk Drugs, Medical Devices, Automobiles and Auto Components, Advanced Chemistry Cell Batteries, Solar PV modules, Telecom & Networking Products, Food Processing, Textiles, Specialty Steel, White Goods, Drones & Drone Components by incentivizing incremental production and sales. The PLI schemes have facilitated fresh investments in the identified sectors and supported the expansion of manufacturing capacities. To further the Make in India initiative, Government of India has announced the National Manufacturing Mission (NMM) in the Union Budget 2025-26, which envisages increasing the share of Manufacturing in GDP to 25% by 2035.

Additionally, under the National Industrial Corridor Development Programme (NICDP), a total of 469 plots, admeasuring 5,347 acres have been allotted, as of 30th June 2026. Of these, 376 plots (5,047 acres) are industrial plots, with a committed investment potential of approximately Rs 2.20 lakh crore and an estimated employment potential of 1.29 lakh persons, as declared by investors at the time of allotment.

The Government promotes Foreign Direct Investment (FDI) through an investor-friendly policy that allows up to 100% FDI under the automatic route in most sectors, accounting for over 90% of FDI inflows. The National Single Window System (NSWS) provides a single online platform for approvals and permissions. To maintain India as an attractive investment destination, the Government regularly reviews and liberalises the FDI policy through stakeholder consultations. Reforms have simplified FDI norms across sectors including defence, insurance, telecom, space, pharmaceuticals, retail, civil aviation, digital media, e-commerce, coal mining, and financial services.

To support Startups across sectors, the Government is undertaking taking various measures under the Startup India initiative. The flagship Schemes namely, Fund of Funds for Startups (FFS), Startup India Seed Fund Scheme (SISFS) and Credit Guarantee Scheme for Startups (CGSS) support startups across sectors at various stages of their business cycle. The Government also implements periodic exercises and programs including States' Startup Ranking, National Startup Awards, Innovation Week, and TEJAS (Transforming Entrepreneurial Journeys Across States & Districts) which play an important role in the holistic development of the startup ecosystem including non-metro and rural startup ecosystems. The Government also encourages and supports ecosystem led initiatives to improve market access and enable public procurement to scaling up their businesses. The Government has also taken various measures to enhance ease of doing business including starting up of business, raising capital, and reducing compliance burden to simplify the regulatory environment and create a conducive business environment. Activities to encourage corporates to support startups by way of mentorship, access to infrastructure, sharing resources and knowledge, assistance in market linkages, and investor connect are also undertaken.

The other major initiatives include National Single Window System, GIS enabled Land Bank, PM Gati Shakti National Master Plan for integrated planning of multimodal infrastructure, Project Monitoring Group to remove bottlenecks in setting up of major infrastructure projects, setting up of industrial parks, interventions to improve ease of doing business, measures for reduction in compliance burden, rationalization of labour laws, introduction of Goods and Services Tax, policy measures to boost domestic manufacturing through public procurement orders, Phased Manufacturing Programme (PMP) and Quality Control Orders (QCOs), to name major ones.

Recently, the Government has notified the Bharat Audyogik Vikas Yojana (BHAVYA) Scheme, with a financial outlay of ₹ 33,660 crore for a period of 6 years. The objective of the Scheme is to develop investment-ready industrial parks for enabling investors to ground investment with ease, thereby adding to the manufacturing capacity in the country. Under the Scheme, financial assistance is to be provided for development of 100 industrial parks.

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