

Manufacturing as an Engine of Growth in India

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Abstract:

The present study pertains to an analysis of the processes that sustain modern economic growth in India. In this context, a particular focus is on the role of the manufacturing sector as an engine of growth in India. Briefly, this also underlines the importance of structural change. The study would make a contribution to the literature relating to structural change and economic growth and attempt to study the how Manufacturing sector contributes to the same. It would evaluate the role of the manufacturing sector in the development process based on the first law of 'Kaldor' in which he hypothesized that Manufacturing is the engine of growth in an economy. Kaldor's first law states that the higher the growth of the manufacturing output, the more significant is the growth rate of the economy's product as a whole. Testing this hypothesis with the data of 16 Indian states experiencing different types of growth may illuminate the nature of the growth process in Indian manufacturing. In particular, it may shed new light on differences in regional patterns of growth in India.

Keywords: Engine of Growth, Manufacturing, Industrial Growth, Economic Growth

JEL Codes: O14, N6