

## **'India Inc wants fewer workers, not more': Devina Mehra sees danger for young workforce**

Between 2008 and 2014, manufacturing consistently hovered between 17% and 17.5%. But two years ago, it dipped to 13.5% and has continued its downward slide.

**Aug 14, 2025**



With manufacturing and tourism underperforming, Mehra's assessment poses a critical question: where will India's jobs come from next?

India's manufacturing sector has plunged to its lowest share of GDP since 1967, triggering urgent concerns about job creation and long-term economic stability.

Devina Mehra, founder of First Global and author of *Money, Myths and Mantras: The Ultimate Investment Guide*, flagged the stark decline in a LinkedIn post, citing World Bank data showing manufacturing's GDP contribution has fallen to just 12.6%—a figure not seen since 1967 and even lower than 1960 levels.

Between 2008 and 2014, manufacturing consistently hovered between 17% and 17.5%. But two years ago, it dipped to 13.5% and has continued its downward slide. "If we want our young people to become something other than delivery people, we need to focus here," Mehra warned.

She pointed to a structural issue in India's corporate landscape: "Most large corporations want to minimise, not maximize, employment." She noted a decades-long trend where companies like Essar Steel and Bajaj Auto celebrated new plants for their minimal blue-collar workforce requirements.

Instead, India's employment backbone has traditionally been its MSMEs—medium, small, and micro enterprises. But these job-generating engines have been sputtering. According to former Chief Statistician Dr. Pronab Sen, the number of MSMEs has declined by 10 million since 2016—a shortfall of 20 million when accounting for expected growth. That collapse has directly impacted employment, particularly in labor-intensive export sectors.



Devina Mehra • You

Founder & CMD First Global(PMS & Global funds), Fortune India Top...

15h • Edited •

A reminder that Manufacturing as a Percentage of GDP is now super low at 12.6% - the last time it was this low was in 1967.

In fact, it was higher than this in 1960.

From approx 2008-14, the share of manufacturing in GDP was 17-17.5% in most years, except one year when it was marginally below 17%.

2 years ago it hit a low of 13.5% (Source: World Bank data) and has continue to slide even further.

If we want our young people to become something other than delivery people, we need to focus here.

How do we get from here to there?

At the cost of repeating myself in India most large corporations want to minimise, not maximize, employment.

As far back as 20/25 years ago for every new plant by a company whether it was Essar steel or Bajaj Auto, the highlight used to be how few blue collar workers it would require.

The real employment generators in India other than the IT services companies have been the MSMEs ie the medium small and micro enterprises.

Unfortunately many of them have gone out of business over the last several years.

Our ex chief statistician Dr. Sen had given a figure that the number of MSMEs had declined by a crore since 2016 whereas it should have increased by a crore - that means a 2 crore shortfall in the number of enterprises. You can extrapolate it to the number of jobs missing.

Most of our own labour intensive exports (a sector where MSMEs had a greater share) have not been doing well. The Trump tariffs will only deal a further blow.

Outside manufacturing, tourism is another area which could provide employment but in spite of our unparalleled potential we have not been able to provide a clean, safe, welcoming and reasonably priced tourism product.

Many tiny countries have more tourists than we do - more is the pity.

# Manufacturing, value added (% of GDP) - India

Country official statistics, National Statistical Organizations and/or Central Banks; National Accounts data files, Organisation for Economic Co-operation and Development ( OECD ); Staff estimates, World Bank ( WB )

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“The real employment generators... have gone out of business over the last several years,” Mehra stated, underscoring the vulnerability of MSMEs in a challenging economic climate.

Tourism, a potential employment driver outside of manufacturing, remains underdeveloped. Despite India's vast natural and cultural assets, Mehra notes the country struggles to deliver a “clean, safe, welcoming and reasonably priced tourism product,” lagging behind much smaller nations in visitor numbers.

With manufacturing and tourism underperforming, Mehra’s assessment poses a critical question: where will India’s jobs come from next?