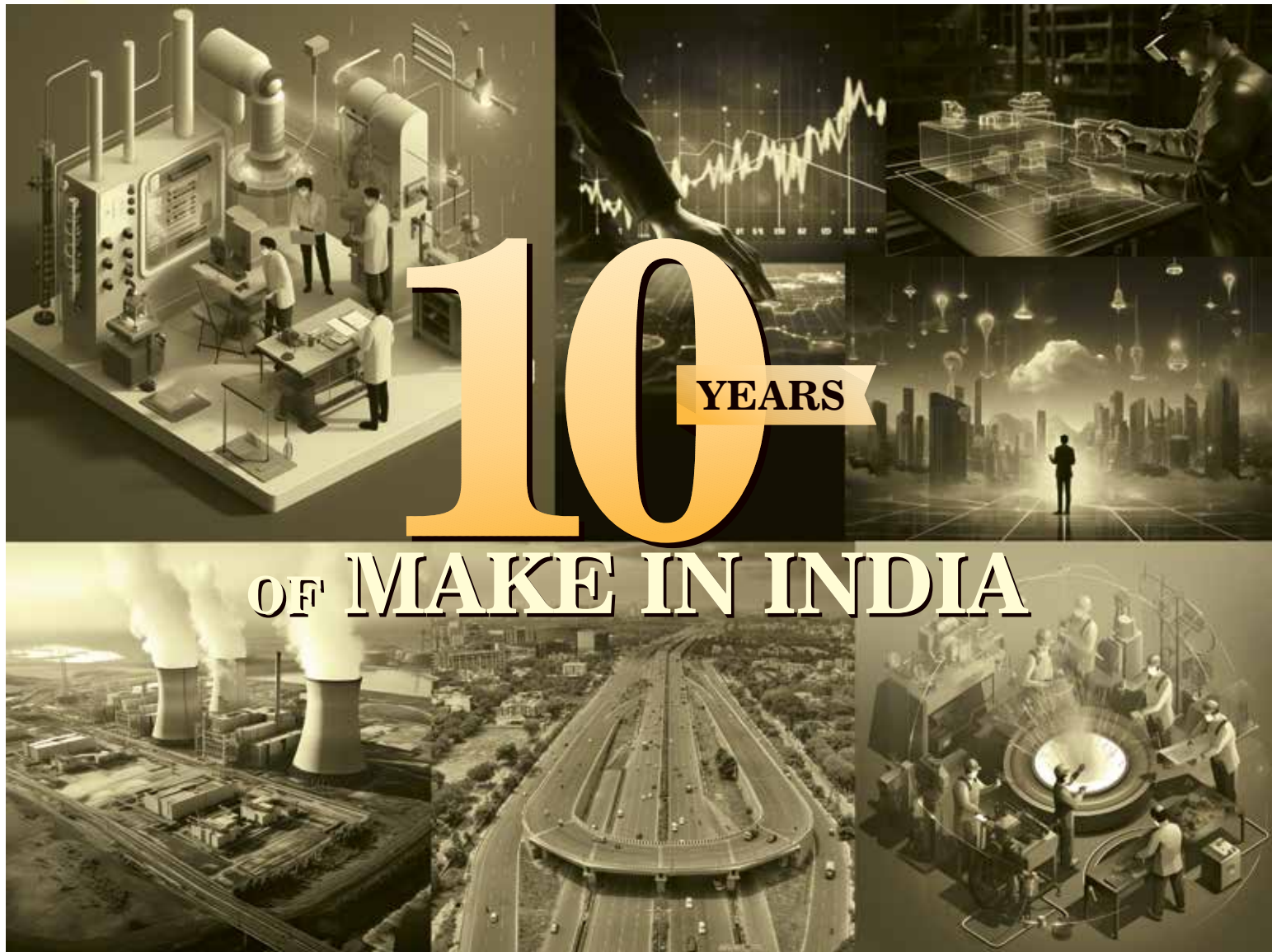


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# 10 YEARS

## OF MAKE IN INDIA

### Cover Story

10 years of Make in India:  
Milestones so far and the  
Road Ahead

9

### Knowledge Series

Seminar on  
"MSMEs Connect  
Bankers and NBFCs"

41

### Networking Series

IMC Business  
Connect  
Trade Fair

48

AWAKENING-ADVOCACY-AWARENESS-ALIGNMENT-ACTION

# 10 years of Make in India: Milestones so far and the Road Ahead



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With impressively ambitious targets of becoming the third largest economy and a GDP of USD 7 trillion by 2030, India has taken several steps to accelerate its growth journey. The government's Make in India initiative has been a key element here, which aimed to encourage domestic manufacturing and foster self-reliance.

Launched with a vision to establish India as a global manufacturing powerhouse, the Make in India initiative has brought significant changes in the nation's industrial landscape, resulting in higher foreign investment, and fortified capabilities across several sectors. The 10-year milestone shows tremendous progress and lays the groundwork for the next 10 years. As India inches closer to realising the dream of becoming a global manufacturing juggernaut, let us look back at the key milestones of the initiative so far and the road ahead.

## Enhanced focus on 'Ease of doing business'

When the Make in India initiative was announced, the government identified 'ease of doing business' as a pivotal factor in terms of encouraging true entrepreneurial spirit. Rapid digitisation, online approval processes, single window systems and many more measures have been adopted in order to help businesses to not only function but thrive in India's promising economy. Some recent examples include the launch of a single window IT system for India's International Financial Services Centres (IFSCs) to help businesses looking to establish operation in these specially identified financial zones, another single window

system to streamline approvals for medical devices and yet another one for opening new coal mines. The green channel for merger approvals under the Competition Commission of India was another welcome step on this front.

The move to decriminalise several minor non-compliances under various laws and regulations impacting businesses has also helped enhance investor confidence. The recent Jan Vishwas Act 2023 which decriminalised minor offences and rationalised punishments under 42 central laws was another move that was lauded by stakeholders. The government is now working on the Jan Vishwas 2.0 Bill which will further address around 100 more rules and regulations, decriminalising several more minor offences, and further strengthening investor confidence.

This shift in culture towards helping businesses navigate the complex waters of regulatory compliance and approval has been a crucial milestone of the Make in India initiative. The benefits of this shift are expected to come in over the next several years.

## Increasing India's attractiveness for foreign investments

The liberalisation of FDI norms for sectors that were previously a no-go for foreign investors – such as defence manufacturing, space technology, insurance, medical devices, construction and railway infrastructure – has sent out a clear message to the world that India is 'open for business'. By progressively opening key sectors such as manufacturing, retail, and energy to 100% foreign ownership,

there has been a substantial influx of foreign investment. An increase in the influx of foreign investment bodes extremely well for Indian entrepreneurs looking to make the most of the Make in India initiative and capitalise on the easier access to foreign funds for their growth.

The Union Budget 2024 reinforced this commitment by outlining plans to further simplify FDI and Overseas Direct Investment (ODI) rules. Streamlining these processes is crucial not only to attract foreign investors but also to allow Indian companies to expand internationally, enhancing India's economic resilience and global integration.

## Impetus to infrastructure

Further strengthening the infrastructure ecosystem was key to achieving the goals of the Make in India initiative and India has taken bold steps on this front. There has been a steady focus on developing industrial corridors and smart cities, along with setting up state-of-the-art technology and high-speed communication to create world-class infrastructure. In the last Union Budget, the government announced an outlay of over INR 11.11 lac crores for infrastructure and proposed to set up special investment-ready industrial parks with complete infrastructure in/nearby 100 cities.

Over the last decade, the Indian government's capital expenditure on infrastructure has shot up from around INR 1.97 lac crores in FY15-16 which was 1.6% of GDP, to over INR 11 lac crores in FY24-25 which is 3.4% of GDP. This leap in capex



sends a clear message of commitment to enhancing infrastructure, both physical and digital, and also encouraging further private sector participation through partnerships.

Also, infrastructure growth in terms of data centres, renewable energy systems, semiconductor systems, agri-tech etc. has seen a significant spurt in interest from investors. This sharp focus on infrastructure development is another key positive to come out of the Make in India initiative.

## The road ahead – what India must focus on next

The Make in India initiative includes compelling incentives to promote competitiveness across industries by way of attractive Production Linked Incentive Schemes, the emergence of India as a financial hub thanks to developments in IFSC Gift City and crucial structural reforms. However, to ensure that this momentum of growth continues over the next decade as well, addressing areas of concern is critical.

Among the major reasons behind launching the Make in India initiative is the need to capitalise on India's period of 'demographic dividend'. India surpassed China to become the world's most populous country last year and with a working age population of over 900 million people, India is currently enjoying a period of demographic advantage. India's economic survey from FY18-19 said this dividend will peak in the year 2041 when the country's working age population will touch 59% of the total population. From 1982 to 2000, when China enjoyed this demographic advantage, its GDP per capita nearly quadrupled. In order to match or surpass this figure, India must further streamline the Make in India initiative so that the youth of the nation have access to high-value employment and entrepreneurship opportunities in the manufacturing space.

One key objective of the initiative was to create a total of 100 million



additional industrial jobs. Data from the Reserve Bank of India shows that the manufacturing sector's share in the country's total employment has seen a marginal drop in the past decade from 11.6% to 10.6%. Job creation is one of the main priorities of the government, as was evident in the Budget announcements made a few months ago. Industrial training, skilling, apprenticeships, and teaching jobs can be promoted with attractive compensation packages to absorb the talented youth in the country.

Another key objective of the Make in India initiative was to increase the manufacturing sector's share in the GDP to 25% from around 16-17% over a decade ago. Although India did well for this figure to peak at around 18.5% in the year 2021-22 despite the impact of the global pandemic, it seems to have decreased slightly since then. In order to arrest this decline, an urgent focus on reskilling and upskilling initiatives across sectors is paramount so that the maximum

value can be contributed towards the GDP. Moreover, an emphasis on heavily investing in innovative new-age solutions such as semiconductors, artificial intelligence tools to optimise processes and enhance efficiency, robotics and drone technology to streamline processes and save time, and robust quality control measures can help raise the standards in the manufacturing sector to a global level.

On the infrastructure development front as well, for projects such as smart cities and urban mobility, a unified and coordinated approach amongst multiple governmental bodies and private sector players can achieve much larger, interconnected goals.

With bold moves, the Make in India initiative can evolve into a truly transformative tool that will usher in the next era of growth for our country and also serve to create a more proficient workforce which is gainfully engaged.

(Views expressed are personal.)