Making India into 'Bhavya' Bharat

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"In the making of a nation, there are three fundamental aspects which we struggled with in the beginning."

1. The first and foremost is the territory or boundaries of the nation. The boundaries were not drawn in geographically sensitive way and led to loss of 600,000 lives as well as uprooting of millions of lives during partition of India and Pakistan.

2. The second aspect of making a nation is the systems and processes we follow. The systems for free India were inherited from the occupied India (as it is), which were meant to control and shackle. As a result, one or two generations of Indians lost possibilities and suffered because of such systems. Now, a few major moves have been made by the Government to unshackle India's businesses to grow and thrive.

3. Third and the most important thing is people. We need to facilitate and structure the methods wherein human beings are not curtailed and can find full expression to who he or she is. The first step has been taken by the Government to transform the education system (which was inherited from the British era and was supposed to produce administrators, tax collectors and accountants).

For any nation to succeed, its businesses should be successful and be allowed to flourish. AatmaNirbhar Bharat (Self Reliant India) initiative is one of the key drivers that can accelerate the making of Bhavya Bharat.

However, this message should be communicated effectively-within India as well as to the rest of the world. It is not about closing our doors and producing everything on our own. It is about keeping the nation in good economic health and with an open-door policy. India is opening the doors even wider. Instead of importing finished goods and selling in the Indian market, India is inviting foreign companies as well as encouraging Indian companies to manufacture and assemble the finished products in India for the domestic as well as international markets.

India cannot manufacture everything on its own but aims to maximize the share of locally produced goods thereby benefiting both foreign and Indian companies, its citizens and overall economy of the country. It aims to reduce its huge dependence on imports, as in the case of certain sectors such as pharmaceuticals and electrical. Some of these sectors depend on a single source like China.

The Government of India has identified a few sectors in which it will impose certain import restrictions for certain period (to protect and nurture the local manufacturers in initial years from the local cost imports) and provide incentives and encouragement to local manufacturers.

Sectors Identified by the Government for Import Substitution and Increasing Exports

- Food Processing
- Iron and Steel
- Electronics
- Industrial Machinery
- Furniture
- Automobile Parts
- Leather
- Footwear
- Pharmaceuticals
- Apparels
- Consumer Durables
- Toys
- Sports Gear
- Chemicals and Allied Sectors
- Defense Equipment

Around 5 years back, in order to develop supplier eco-system for mobile phones and in turn, reduce dependence on imports; the Government of India launched Phased Manufacturing Program (PMP) for production of components for mobile phones. It resulted in entry/expansion of large companies such as Foxconn and Pegatron in India. It also gave impetus to the local manufacturers for supplying components and services in this sector.

Similarly, the Department for Promotion of Industry and Internal Trade (DPIIT) is expected to announce PMP for airconditioners and its components. The incentives given under the scheme are expected to be linked to the share of locally manufactured components in the final products. Currently, more than 40% of the parts/components used in ACs are imported, mainly from China and Thailand. It will help India to reduce dependence on China and encourage local production.

Global component suppliers are expected to take advantage of various initiatives launched by the Government. Indian companies have the expertise such as local market knowledge and in-depth understanding, management bandwidth, engineering and managerial talents, easier availability of finances (compared to the past), except technical know-how or advanced technology. Most of the Indian entrepreneurs have not been seen investing in R&D and the development of new technology or products.

Globalization and the age of internet has opened the doors to the world economy and can provide an access to the technology and products already developed by the SMEs in the other parts of the world.

Indian companies can take the technology from "like minded and same size" international companies on a license basis. In this way, the Indian companies can manufacture and sell goods under their own brand names. International company can earn royalties linked to the sales of the Indian company, without investing much time and money in the far away market like India.

Several other partnership options can also be devised based on willingness, management and financial bandwidth of both parties. For instance, if both parties see huge potential in the Indian market and have financial and management bandwidth to grow the business, a joint venture can be formed in India.

On the other hand, if an international company is only planning to take advantage of India's cost competitiveness and proximity to certain markets, international company can get its products manufactured from the Indian companies and export to the neighboring markets.

It is a time to unleash potential of the Indian businesses and create success stories of more Indian multinationals, that grew in India and then went on capturing the international markets.