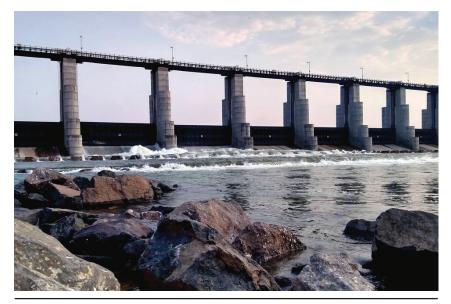# Industry@75

Suresh Prabhu

India, being the world's largest democracy has seen a rapid transformation in recent times. We are one of the world's youngest democracy but still among the fastest-growing nations. India has doubled its GDP to nearly $3 trillion within a decade and is currently the world's sixth-largest economy, and is expected to touch the USD 5 trillion mark in the coming years and progress as a key economic engine in Asia.

With the recent inauguration of the New Parliament Building on December 10, 2020, which also marks our 75 years of Independence, we are moving towards creating a New India by 2022 which would be Aatmanirbhar Bharat (Self-reliant India). Under the able leadership of PM Narendra Modi, India is witnessing the next level of governance and transformation which has never been seen in the entire history of the country. With the "Minimum Government, Maximum Governance" model along with the concept of cooperative federalism, PM Modi is leading India to new heights amidst various challenges including Covid-19.

Industrial growth in India has not been easy, it has gone through various phases of development over the years. The advent of Britishers in India led to the decay of the Indian handicraft industry and machine-made goods started flooding into the Indian markets post-Industrial revolution in Britain. The policies of the British encouraged the imports of their goods and exports of raw materials from India. But soon after Independence, things started changing, and through the subsequent five-year plans government shifted its focus on industrialisation. The First Five-year Plan mainly focused on the development of both the private and public sectors, the second plan on Mahalanobis Model gave priority to Industrialisation. The third plan along with the first and second ones helped build up the capital goods industries in India. Between 1965-1980, industrial growth saw a decline mainly due to the negligence of the

The author is a Member of Parliament (Rajya Sabha), India's Sherpa to the G20 and former Union Minister, Government of India. Email: g20sherpaoffice@mea.gov.in

consumer goods sector in the first three plans. But between 1980-1991, industries recovered from downfall due to an increase in the productivity of Indian Industries and improvement in manufacturing and capital goods sector. Post-1991 economic liberalisation of India, many reforms were brought which helped shape the future of industries in India.

India's Ease of Doing Business (EoDB) rank according to the 'World Bank's Ease of Doing Business Report 2020' is 63rd among 190 countries. This is a jump of 79 positions from 142nd in 2014 to 63rd in 2019. Among 10 parameters for measuring EoDB, rapid changes have been brought especially in issuing construction permits where India's ranking has improved from 184 in 2014 to 27 in 2019, and ease of getting electricity where the ranking has improved from 137 in 2014 to 22 in 2019.

On the other hand, Foreign Direct Investment (FDI) inflows between April 2014 - September 2019 stood at $319 bn which is nearly 50% of total FDI inflow in the last 20 years. During FY 2020-21, the total FDI inflow of $35.73 billion is the highest ever for the first five months of a financial year. Recently, the government has also approved 100 percent FDI through the automatic route in coal mining, 100 percent FDI through the direct route in contract manufacturing, and 74 percent through automatic route in the Defense sector. FDI in India is estimated to reach $100 billion inflow per annum by 2022. This will further boost our domestic manufacturing and will also help in employment generation.

The startup culture in India has seen massive growth with more than 40,000 startups recognised till December 2020 by the Department for Promotion of Industry and Internal Trade (DPIIT) under the Start-Up India scheme launched in 2016. Thousands of young people are aiming to become young entrepreneurs with a wide number of events being organised regularly through Startup India Initiative including boot camps, hackathons, and online competitions. The government's flagship initiatives like Atal Innovation Mission (AIM), have helped advance India's position in the Global Innovation Index from 81 in 2015 to 48 in 2020. Through this initiative, the promotion of a culture of innovation and entrepreneurship across the length and breadth of our country has been started right from school education through setting up of 4870+ operational Atal Tinkering Labs in 660+ districts impacting around 2.5 million students.

National Institution for Transforming India (NITI Aayog) is playing a big role in tackling development challenges in the country through policy advocacy. 115 districts have been identified across the nation as aspirational districts and are being ranked based on progress being made (delta ranking) on a real-time basis based on 49 indicators from the 5 identified thematic areas — Health

The startup culture in India has seen massive growth with more than 40,000 startups recognised till December 2020 by the Department for Promotion of Industry and Internal Trade (DPIIT) under the Start-Up India scheme launched in 2016.

& Nutrition, Education, Agriculture & Water Resources, Financial Inclusion & Skill Development, and Basic Infrastructure. In December 2019, NITI Aayog had released the second edition of the Sustainable Development Goals (SDG) India Index and an online dashboard to track the progress on 17 SDGs of all the States and Union Territories (UTs) on a set of 100 National Indicators. India has made considerable progress especially in SDG 6: Clean water and sanitation by constructing over 11 crore toilets to become open defecation-free (ODF) in five years through Swachh Bharat Abhiyan launched in 2014. PM Modi was conferred the "Global Goalkeeper" award by the Bill and Melinda Gates Foundation in 2019 for this campaign which was also marked Mahatma Gandhi's 150th birth anniversary.

The Digital India campaign launched in 2015 has ensured the creation of a digitally empowered society and knowledge economy. Development of broadband highways, universal access to mobile connectivity, public internet access programmes, e-governance among others have seen considerable growth with Aadhaar, Smart Cities Mission, BHIM UPI, RuPay, GSTIN, GeM (Government e-Marketplace), DigiLocker coming under the aegis of the Digital India programme. Through the Bharat Net programme which is also the world's largest rural broadband connectivity programme, 2.5 lakh gram panchayats are being connected by a fiber-optic network of which around 1,48,000 connections have been achieved so far. India's Aadhaar has become the world's largest biometric database with almost 125 crore Aadhaar cards being issued so far and is playing a

pivotal role in preventing leakages via its integration with the Direct Benefit Transfer (DBT) scheme. Apart from this, through schemes like Jan Dhan Yojana launched in 2014 by the government, 41.38 crore beneficiaries have banked so far with Rs. 130,932.33 crore Balance in beneficiary accounts. Bill Gates recently hailed India's Inclusion policies and called UPI and Aadhaar a phenomenal system that has drastically reduced the cost of money distribution among the poor. According to the 2019 global Multidimensional Poverty Index India has lifted 271 million people out of poverty between 2006 and 2016. Mudra loan scheme, launched in 2015, by providing credit up to Rs. 10 lakh to non-farming and non-corporate micro and small enterprises has helped enable every last mile financer to lend credit to all types of businesses in the country. Pradhan Mantri Kisan Samman Nidhi Yojana launched in 2019 is providing Rs. 6,000 per year as minimum income support to all farmers. The recent Agriculture sector

reform bills passed by the government will further facilitate farmers by providing them new markets, advantages of technology, and helping bring investments and double their income by 2022.

> **The Digital India campaign launched in 2015 has ensured the creation of a digitally empowered society and knowledge economy. Development of broadband highways, universal access to mobile connectivity, public internet access programmes, e-governance among others have seen considerable growth with Aadhaar, Smart Cities Mission, BHIM UPI, RuPay, GSTIN, GeM (Government e-Marketplace), DigiLocker coming under the aegis of the Digital India programme.**

India's Global stature has improved considerably with its recent election as Chair of the World Health Organization's Executive Board in May 2020 and being elected as a non-permanent member of the United Nations Security Council (UNSC) for a two-year term in June 2020. India is emerging as a global power and is scheduled to host the G20 in 2023. Also, in June 2020, US President Donald Trump had invited PM Modi to attend and be part of G7 as he wanted to expand G7 with about 10-11 members which would give India a chance to expand its economy rapidly.

Today, India faces some major challenges like tackling the Covid-19 pandemic, cross-border terrorism, and competition from global markets. But it is important to note that India is dealing strategically with all these challenges as it has especially dealt with the pandemic better than any country in the world. We have the highest recovery rates of around 95% and a plan in place to distribute

vaccines to all of our citizens. India manufactures more than 60% of all vaccines sold across the globe and today is the most sought-after destination for manufacturing Covid-19 vaccines. The world's largest distributor of vaccines - Serum Institute of India (SII) is also located in India. Aatmanirbhar Bharat economic stimulus relief package of 20 lakh crore amounting to 10% of GDP was released this year to fight the pandemic. 80 crore people were given free food grains till November 2020 under PM Garib Kalyan Yojana and 20 crore women Jan Dhan holders were given Rs. 500 per month for 3 months. MNREGA wage rate was increased to Rs. 202 per person per day and is benefiting 13.62 crore families. The new National Education Policy (NEP), 2020 will make India a global knowledge superpower. Today, Artificial Intelligence, Machine learning, and Big Data are setting the path for the future and India is not far away. Through the SWAYAM portal, the government is bridging the digital divide for students who have limited access to the digital revolution and have not been able to join the mainstream of the knowledge economy. Under the 'Make in India' initiative the Micro, Small, and Medium Enterprises (MSME) contribution to the GDP is being targeted to be increased to 50 percent from the existing 30 percent which will create 5 crore jobs in the next few years.

In my tenure as a Union Minister holding different portfolios with active support from PM Modi have brought many changes.

As a Union Minister for Commerce and Industry between 2017 to 2019

- New Industrial Policy: Proposed and finalised the policy through Nation-wide consultations with various stakeholders.

- Boosting domestic manufacturing at the district level to achieve USD 5 trillion economy.

- Trade promotion: Taking steps towards a more focused approach towards export promotion.

- Pivoting multilateralism on India.

- Investment Promotion.

- Technology and Innovation.

- Boosting the Start-up ecosystem.

- Forward-looking Policy Making.

As a Union Minister for Civil Aviation between 2017 to 2019

- Policy Making: Released India's first-ever National Air Cargo Policy, Maintenance, Repair and Overhaul (MRO) Policy, National Green Aviation, Policy and Drone Policy.

- Promotion of the aviation industry: Drove the implementation of the regional connectivity scheme or UDAN - More than 12 lakh passengers flown under UDAN till 31st January 2019. In 28 months of UDAN, 69 unserved airports, 31 helicopters, and 6 water drones were awarded. Facilitating the implementation of setting up water aerodromes across five states in the country.

As a Union Minister for Railways between 2014 to 2017

- Customer Focus: Historically known to be less responsive towards customers, changed the approach of Indian Railways from "Passengers" to "Customers".

- Planning and Investment: Effected a paradigm shift in Railways project financing by

India's Global stature has improved considerably with its recent election as Chair of the World Health Organization's Executive Board in May 2020 and being elected as a non-permanent member of the United Nations Security Council (UNSC) for a two-year term in June 2020.

leveraging Extra Budgetary Resources including various innovative measures.

- Infrastructure Creation: Led Railways to achieve a quantum jump in infrastructure creation spending and improving connectivity.

- Sustainability: Effectively made sustainability an integral part of Railways strategy.

- Governance and Transparency: Staunch advocate for transparency, leveraged technology and delegation to improve governance in Railways.

As a current Prime Minister's Sherpa to G7 and G20, I am shaping the official agenda of the Government of India on key issues for G7 & G20 Summit and in a short span have engaged with global leaders/thinkers and led delegations across the globe. I have recently joined Rishihood University as its Founding Chancellor and also have launched "The Cooperative Development Forum (CDF)" with seven prominent cooperative leaders who will work towards promoting cooperative movement in the country and boost the rural economy and "The India Bamboo Forum (IBF)" where a voluntary group of 55 committed leaders in the bamboo sector will promote entrepreneurship, research, and trade of high-quality bamboo products in a sustainable manner.

Seeing the pace of development in India under PM's leadership, I am hopeful that we will overcome all the challenges that our country is facing today and create a "New India" by 2022 where Industrial sector will play a major role in this transformation. ❑

References

1. https://www.makeinindia.com/eodb
2. https://www.investindia.gov.in/foreign-direct-investment
3. https://www.startupindia.gov.in/
4. https://niti.gov.in/aim

Towards $5 Trillion Economy