Making Make in India Tick'n'Run

Anant Goenka

Manufacturing's role, currently contributing about 17% to India's GDP, in the economy is crucial. GoI's aim is to raise this share to 25% by 2030. This will require growth at a rapid 15-16% CAGR over the next seven years.

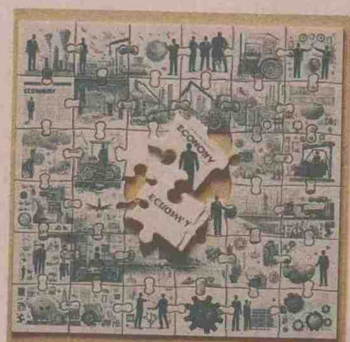
A key driver of India's growing manufacturing heft is the 'China + 1' strategy companies and countries are adopting in their effort to build more resilient supply chains in a post-Covid world. India has uniquely positioned itself as a leader of the 'Global South', forging strong relations with key global powers from the US to Russia and Israel to Iran.

India's manufacturing sector is now getting a greater push from GoI and corporates under the Atmanirbhar Bharat and Make in India initiatives. It is also actively addressing challenges like the ease of doing business, high cost of logistics and relative lack of competitive access to global export markets that have, so far, blunted the sector's potential. Policy initiatives like PLI, GST and FDI reforms, and FTAs with key export partners are all aimed at surmounting these challenges.

With over half of our population under 25, we possess a vast, young workforce. This gives us the capacity to supply the world with a diverse range of skills while also acting as a stable source of talent for domestic manufacturing companies. This same demographic dividend, together with the rest of our population, also creates a vast consumption market. As incomes rise, we are set to become the world's third-largest consumer market by 2027.

Global companies and investors alike are increasingly viewing India as a key market to focus on in the future. Apple's revenues from India, for instance, are expected to cross $10 bn this year. The country is also the fastest-growing market for players like Mercedes, Netflix, SAP and other MNC giants.

No major economy has seen breakout growth without exports being a key part of its story. We need to take our cost advantage of a young workforce,



Complete the picture

power costs coming down as a result of RE, and our own way of frugal innovation. Companies often adopt a spray-and-pray approach when trying to sell local products to global markets. To exponentially increase exports, we need to capture deep insights of our global customers, build a complete and differentiated product range for those markets, and develop strong distribution channels in our focused geographies.

More importantly, we need to make 'Make in India' closer to 'Made in Japan' (rather than 'Made in China'). Japan's post-World War 2 manufacturing success is nothing short of miraculous. The likes of Edward Deming introduced Total Quality Management (TQM) in Japan, impacting the culture of companies to ensure long-term thinking, deep customer centricity, strong systems and people-focus.

Various Indian companies like Mahindra, Tata Steel and CEAT have already reaped benefits of this approach. It's time for more organisations to leverage an already well-established playbook and adopt a high-quality mindset.

Data analytics, GenAI and IoT are proving to be transformative in the way we produce and deliver goods. Predictive maintenance, quality control, supply chain management, customer support, cost reduction, product design and worker safety — all these areas are benefiting from such Industry 4.0 technologies. However, we must adopt these technologies keeping in mind the Indian context.

We need to keep creating jobs. This should not be an opportunity to replace people, rather upskill them to do high-quality work and increase women in the workplace as automation reduces physical work.

India's investments in R&D are a mere 0.7% — developed economy average is 3%. A significant portion of R&D funding originates from government. Large enterprises need to take up this spend and not look at near-term RoI but realise the importance of innovation, tech and investment in marketing in building global brands.

'Where you play' is more important than 'how you play'. Our selection of key future S-curves will be an important determinant for our growth. We need to invest in new sectors including semiconductors, RE, electronics and EVs.

India's manufacturing growth transcends a singular sector. Its auto sector is the world's fourth largest. The country's footprint in telecom and smartphone manufacturing is the second largest. The pharma sector is the third-largest worldwide.

While we put the pieces of the growth puzzle together, we must not forget that growth needs to be both inclusive and sustainable, and shouldn't come at the cost of our environment. We need to go beyond statutory norms, adopt long-term sustainability goals and drive them by embedding sustainability into our performance metrics.

The writer is vice-chairman, RPG Enterprises