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Viksit Bharat@2047: Crystal Gazing Through MSME Sector

The term “Viksit Bharat” encapsulates the Indian government’s vision to transform India into a developed nation by the year 2047, the centenary of its independence. “Viksit Bharat” was introduced by Hon’ble Prime Minister Shri Narendra Modi and officially launched on December 11, 2023, as a vision for India’s development by the year 2047 and has since been a recurring theme in government discourse, including budget speeches and policy initiatives. It is central to the Indian government’s ambitious vision for the nation’s future, by the year 2047, which will mark the 100th anniversary of India’s independence.



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INTRODUCTION

VIKSIT BHARAT: A DEVELOPED INDIA BY 2047

The term “Viksit Bharat” encapsulates the Indian government’s vision to transform India into a developed nation by the year 2047, the centenary of its independence. “Viksit Bharat” was introduced by Hon’ble Prime Minister Shri Narendra Modi and officially launched on December 11, 2023, as a vision for India’s development by the year 2047 and has since been a recurring theme in government discourse, including budget speeches and policy initiatives.

It is central to the Indian government’s ambitious vision for the nation’s future, by the year 2047, which will mark the 100th anniversary of India’s independence. This vision encompasses economic, social, environmental, and governance development, aiming to create a prosperous India in harmony with nature, with modern infrastructure, and providing opportunities for all citizens and regions to reach their potential.

THE VISION

Viksit Bharat goes beyond just economic prosperity. It encompasses a multifaceted vision encompassing several key areas:

- **Economic Strength:** A robust economy with a strong manufacturing base, high GDP per capita, and a

thriving entrepreneurial ecosystem and to achieve a USD 30 trillion economy with a per-capita income of USD 18,000-20,000.

- **Effective Governance:** Transparent, accountable, and efficient governance that fosters public participation and delivers on its promises. Eliminating unnecessary interference by the government in the lives of citizens and promoting digital economy and governance
- **Social Progress:** Equitable access to quality education, basic amenities for all citizens, and healthcare. Eradication of poverty, hunger, and social inequalities and to build world-class infrastructure and facilities.
- **Environmental Sustainability:** Environmentally conscious development practices that ensure ecological balance and a sustainable future. Fostering green growth and climate action by increasing renewable energy capacity and reducing carbon emissions.
- **Complete Atmanirbharta:** In defence and space sectors and enhancing India’s role in the world.
- **Youth:** To empower the youth with skills and education and to create more employment opportunities.
- **R&D:** Partnering with foreign R&D organizations to build top 10 labs in the country and bringing, at least 10 Indian institutions among the top 100 globally.
- **Global Champions:** To develop 3-4 global champions in every sector by merger or restructuring and boosting indigenous industry and innovation.

CHANAKYA & HIS TIMELESS PRINCIPLES OF GOVERNANCE

Chanakya also known as Kautilya wrote Arthashastra, around the 4th century BCE, it is a groundbreaking timeless work on statecraft, political science, and economic policy. It emphasizes infrastructure development, public investment, and the role of private enterprise, suggesting a mixed economic framework that resonates with modern economic policies. Arthashastra incorporates philosophy and discusses social welfare, ethics, and the role of the government in economic management.

Kautilya was the first to establish economics as a separate discipline, using discrete marginal analysis and combinatory rules to enhance economic analysis. His work demonstrates an understanding of the economy as an interconnected system and the importance of strategic economic planning.

The role of Micro Small & Medium Enterprises (MSMEs) in achieving Viksit Bharat aligns with the economic principles outlined in Kautilya's Arthashastra. The government's focus on infrastructure, technology, and financial support for MSMEs mirrors the mixed economic model suggested by Kautilya, where both public investment and private enterprise are pivotal.

The emphasis on modernizing MSMEs through schemes like Raising and Accelerating MSME Performance (RAMP) and MSME Champions reflects Arthashastra's advocacy for strategic economic planning and the adoption of best practices. The inclusion of MSMEs in priority sector lending and the provision of financial incentives are in line with the principles highlighted in the Arthashastra, of supporting private enterprise and ensuring economic stability.

THE ROAD MAP

The government policies & plans acknowledge that achieving this vision requires a collaborative effort. Some key aspects of their strategies are:

- **Youth as the Forefront:** India's young population is seen as a driving force. Initiatives like "Ideas from Youth for Viksit Bharat@2047" encourage youth participation in shaping the vision and contributing their ideas. India is one of the youngest nations with a median age of 29 years. It accounts for nearly 20% of the world's total young population. This is an enormous opportunity, and likely to last till 2047.
- **Public Participation:** The government recognizes the importance of public engagement. Platforms like Ideas for the Vision of a Developed India encourage citizen participation in shaping the vision and its implementation.
- **Policy and Strategy:** The government is likely to formulate policies and strategies across various sectors to achieve the goals outlined in the Viksit Bharat vision. A dedicated dashboard – Viksit Bharat 2047 – Dashboard: tracks progress across different sectors and demographics.

WHY MSMEs ARE CONSIDERED THE BACKBONE OF BHARAT AND WHY ARE THEY EXPECTED TO CONTRIBUTE SIGNIFICANTLY TO VIKSIT BHARAT?

Micro Small and Medium Enterprises (MSMEs) are the lifeblood of the Indian economy. These dynamic entities contribute significantly to India's Gross Domestic Product (GDP), foreign exchange earnings, the export sector, and most importantly, employment generation.

GDP CONTRIBUTION

- **Powerhouse of Growth:** MSMEs contribute a staggering **29.15%** to India's GDP as per the latest data (2021-22) from the Ministry of Statistics & Programme Implementation. This translates to a significant share of the economic pie, highlighting their crucial role in national growth.
- **Manufacturing Power:** MSMEs account for a significant portion of India's manufacturing output. They contribute **40.83%** to the total manufacturing GVA in all India Manufacturing GVA, as per the latest data (2021-22), acting as a vital ingredient & catalyst in the industrial ecosystem.

FOREIGN EXCHANGE AND EXPORTS

- **Export Champions:** Surprisingly, MSMEs contribute a whopping 45.56% of India's total exports for FY 2023-24 (Till September 2023). About \$200 billion worth of MSME products were exported in 2022-23. This showcases their ability to compete in the global market and generate valuable foreign exchange reserves, which are crucial for a developing economy.
- **Product Diversity:** MSMEs manufacture a vast array of products across sectors, encompassing over 8,000 + different categories. This product diversity strengthens India's export basket, offering a wider range of goods to the international market.
- **Employment Generation:** MSMEs are the largest employment generators in India. As of 6th December, 2023, the total employment recorded on the Udyam Registration Portal (since inception 01.07.2020 to 06.12.2023) is **15.50 crores**. This immense workforce contribution helps reduce unemployment and fosters inclusive growth across the nation.
- **Rural Reach:** Unlike large corporations, MSMEs are often located in rural and semi-urban areas. This not only promotes regional development but also provides crucial employment opportunities for the local population, stemming rural-urban migration.
- **Women Entrepreneurs:** MSMEs offer significant opportunities for women entrepreneurs. As of 31st January, 2024, around **20.50%** of MSMEs are owned by women, fostering female economic empowerment and participation in the workforce.

ADDITIONAL ADVANTAGES

- **Innovation Hubs:** MSMEs are often at the forefront of innovation. Their smaller size allows for greater adaptability and flexibility, fostering the development of new products and services.
- **Social Upliftment:** MSMEs play a vital role in alleviating poverty by providing income opportunities

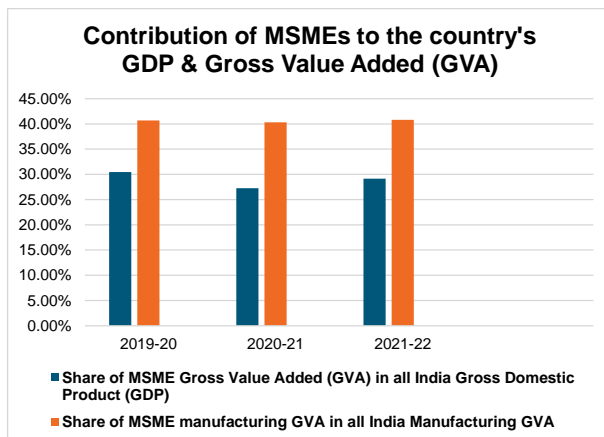
for a large segment of the population. This empowers individuals and contributes to overall social development.

- **Entrepreneurial Spirit:** The flourishing MSME sector fosters a culture of entrepreneurship, inspiring individuals to start their own businesses and contribute to the economic landscape. Start-up India is another initiative and an illustrious feather of the Government of India's cap. India is home to over 100 unicorns with a total valuation of upwards of US\$ 340 billion.

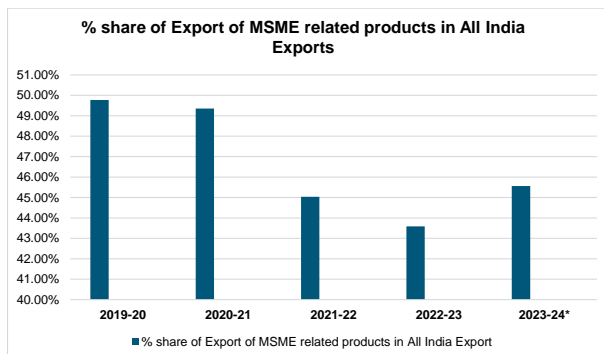
CONTRIBUTION OF MSMEs TO THE COUNTRY'S GDP

As on 4th December, 2023, about 3.16 Crores MSMEs are registered at MSME portal. Maharashtra, Tamil Nadu, and Uttar Pradesh contribute nearly 40% of all registered MSMEs in India.

As per the latest information received from the Ministry of Statistics & Programme Implementation, the share of MSME Gross Value Added (GVA) in all India Gross Domestic Product (GDP) and the share of MSME manufacturing GVA in all India Manufacturing GVA are as follows:



As per the information culled out from the Data Dissemination Portal of Directorate General of Commercial Intelligence and Statistics (DGCIS), the share of export of MSME specified products in all India exports are as follows:



*(Up to September 2023)

MSME SECTOR AS A GROWTH ENGINE ESPECIALLY IN RELATION TO VIKSIT BHARAT

The MSME sector is recognized as a critical component of India's economic fabric. The government acknowledges the sector's importance and has been implementing measures to support MSMEs, including mandatory procurement policies, access to technology, and addressing delayed payments.

The following is a summary of MSME initiatives taken by the government.

- The "Atmanirbhar Bharat Abhiyan" was introduced in May, 2020 to revive the MSME sector with financial support mechanisms such as collateral-free loans and funds for capacity augmentation. The long-term vision for MSMEs includes competitiveness, sustainability, and innovation, with a focus on credit support, skilling, infrastructure, and market access.
- The Annual Union Budgets have been a platform for announcing several initiatives aimed at empowering entrepreneurs, start-ups, and MSMEs. These include tax breaks, timely funding, and decriminalization of minor business-related errors. The budget also emphasizes the role of digital public infrastructure in fostering innovation and enabling change.
- The government is promoting digital mobility for automotive MSMEs, which is expected to drive the industry forward and contribute to the creation of a developed Bharat. The PM Gatishakti National Master Plan aims to enhance multi-modal connectivity & logistics aimed at benefiting MSMEs through improved infrastructure in a cost-efficient but with world-class standards.
- Schemes like the PM Mudra Yojana, PM Vishwakarma Yojana, and the MSME Credit Guarantee Scheme have been instrumental in providing affordable loans and working capital to MSMEs. The government has also been proactive in removing barriers to MSME development by revising its definition and eliminating over 40,000 compliances.
- MSMEs are encouraged to enhance their quality and durability to meet global standards, with the government supporting small-scale industries and fostering innovation in emerging sectors like Electric Vehicles (EVs) etc, which have a very high global demand. The government has initiated a Production-Linked Incentive (PLI) scheme amounting to approximately Rs 26,000 crore for the Auto and Auto Components sector. This scheme not only promotes manufacturing but also incentivizes hydrogen vehicles.
- Significant investments are being made in the MSME sector, with states like Maharashtra, Tamil Nadu, and Gujarat demonstrating substantial pledges for growth. The sector's Gross Value Added (GVA) and

export contributions are monitored, indicating its economic impact.

- A high-powered committee will be formed to address challenges related to population growth and demographic changes, which will have implications for the MSME sector and the broader goal of Viksit Bharat.
- The National Education Policy 2020 and the Skill India Mission are key initiatives aimed at training and upskilling youth, which will directly benefit the MSME sector by providing a skilled workforce.
- The vision for Viksit Bharat includes harmony with nature, which implies that MSMEs will also need to adopt sustainable practices to align with this goal.
- The roadmap for Viksit Bharat in relation to the MSME sector is multifaceted, involving financial support, regulatory reforms, infrastructure development, digitalization, and a focus on quality and innovation. The government's budgetary and policy measures are designed to empower MSMEs to grow and compete on a global scale, thereby contributing to the overarching goal of transforming India into a developed nation by 2047.

CATALYSTS AND CONTRIBUTORS TO VIKSIT BHARAT

This policy vision hinges on the contribution of various catalysts and stakeholders.

GOVERNMENT INITIATIVES

- **Policy Framework:** The government plays a crucial role in setting the national agenda and formulating policies that promote inclusive growth, infrastructure development, and technological advancements – all essential for achieving Viksit Bharat. Initiatives like “Make in India” aim to boost manufacturing and “Digital India” targets widespread technology adoption.
- **Infrastructure Development:** Building robust infrastructure – including transportation networks, reliable power supply, and efficient communication systems – is crucial for connecting markets, facilitating business growth, and attracting foreign investments.
- **Social Welfare Programs:** Addressing social issues like poverty, illiteracy, and healthcare disparities through targeted programs fosters inclusive development and ensures all citizens benefit from economic progress. Schemes like “Ayushman Bharat” aim to provide wider healthcare access.
- **Skilling & Education:** Equipping the workforce with the necessary skills and knowledge is essential for a knowledge-based economy. Initiatives like “Skill India” focus on vocational training and upskilling the youth for future jobs.

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- **MyGov Platform:** The MyGov platform, developed and maintained by the National Informatics Centre, Ministry of Electronics & Information Technology, Government of India, provides a space for citizens to share their ideas and contribute to the vision of Viksit Bharat.

PRIVATE SECTOR

- **Innovation & Entrepreneurship:** Private companies play a critical role in driving innovation, developing new technologies, and creating job opportunities. Fostering a vibrant startup ecosystem will be crucial for India's economic leapfrog.
- **Industry:** The Indian industry plays a critical role in achieving the vision of Viksit Bharat. It is expected to align itself with India's developmental interests and contribute to the nation's progress.
- **Investments & Job Creation:** The private sector plays a key role in creating jobs, mobilizing resources, and attracting foreign investments. This injects capital into the Indian economy and fuels growth across various sectors.
- **Technological Advancements:** Embracing cutting-edge technologies like artificial intelligence, automation, and renewable energy is essential for efficiency, productivity, and sustainability. Private companies can lead the charge in these areas.

INDIVIDUALS AND COMMUNITIES

- **Active Citizenship:** Public participation is vital for Viksit Bharat. This includes citizens actively engaging in the democratic process, holding the government accountable, and contributing to community development initiatives.
- **Youth:** The youth of India play a crucial role in the vision of Viksit Bharat. Their energy, ideas, and contributions are essential for the development of the nation.
- **Education Institutes:** Education institutes are encouraged to channelize the youth energy towards the goal of Viksit Bharat. They are urged to link the ideas and characteristics of students to the development of a developed India.
- **Sustainable Living Practices:** Promoting environmentally conscious behaviour like resource conservation and waste management is crucial for achieving sustainable development.

DATA-DRIVEN FUTURE OUTLOOK

- **Digital India:** According to the 'India e-Conomy Report' — jointly published by Google, Bain & Company, and Temasek. There are over 700 million internet users in India, It clearly reflects that digital services have become an indispensable part of our lives. As of 2022, India's internet economy was valued at between \$155-175 billion, the report states. This amounts to roughly 48 percent of India's technology sector and 4-5 percent of the country's GDP. This report further projects that by 2030, this value will increase to between \$900 billion and \$1 trillion, accounting for 62 percent of the technology sector and 12-13 percent of India's GDP.
- **E-commerce Boom:** E-commerce sales in India are expected to reach **\$350 billion** by 2030, with MSMEs leveraging online platforms to reach a wider customer base.

UPI & DIGITAL PAYMENT NETWORK

Digital Payment Networks streamline transactions, improving cash flows and cost-effectiveness. It reduces the administrative burden and risk of losing important records. Furthermore, digital payments can expand the customer base, provide upsell opportunities, reduce costs, and create a digital footprint that enables easy access to credit at cheaper rates. India is the frontrunner in Digital Payment Networks and Fintech Infrastructure.

Other Catalysts

- **Foreign Investments:** Foreign direct investments bring in much-needed capital and expertise, fostering technological advancements and creating job opportunities.
- **Global Collaborations:** Sharing knowledge and collaborating with other developed nations on

research & development can accelerate India's progress in various sectors.

- **Diaspora:** The Indian diaspora, spread across the globe, can contribute through investments, knowledge transfer, and building bridges with international markets.

Synergy is Key

The success of Viksit Bharat will depend on a collaborative effort by all stakeholders. By working together, India can translate the vision of Viksit Bharat into a reality.

This collaborative approach requires effective communication and knowledge-sharing between all parties. Platforms like Ideas for the Vision of a Developed India (<https://innovateindia.mygov.in/viksitbharat2047/>) can facilitate this by encouraging public participation and gathering valuable insights from all stakeholders.

HOW MSMEs, TECHNOLOGY, AND VIKSIT BHARAT CAN BENEFIT THE GLOBAL ECONOMY?

The flourishing MSME sector in India, empowered by technology and the vision of Viksit Bharat (Developed India), can create positive ripples that extend beyond the national borders and contribute to the global economy in several ways:

1. Enhanced Global Supply Chains:

- **Diversification and Reliability:** A robust MSME sector in India can diversify global supply chains, reducing dependence on a few dominant players. This fosters greater reliability and resilience in the face of disruptions.
- **Cost-Effectiveness:** MSMEs can offer competitive pricing due to their lower operational costs and flexible production capabilities. This can benefit global businesses seeking cost-efficient sourcing options.
- **Innovation:** The dynamic nature of MSMEs often leads to innovative product development. This injects fresh ideas and solutions into the global marketplace, benefiting consumers worldwide. The government of India has introduced various schemes and funds to support technology upgradation in MSMEs. These initiatives aim to enhance energy efficiency, improve product quality, and reduce costs.

2. Increased Global Trade:

- **Export Potential:** A technologically empowered MSME sector in India can become a significant exporter of a wider range of high-quality goods and services. This injects dynamism into global trade and fosters international competition, potentially leading to better products at competitive prices for consumers worldwide. The Ministry of Micro, Small and Medium Enterprises (MSME) has a target of \$200 billion in exports by 2025 and \$300 billion by 2030.



Global Market Access: E-commerce platforms and digital marketing tools empower Indian MSMEs to reach a global customer base. This expands market access for Indian businesses and fosters international trade linkages. MSMEs in India are poised for greater integration with major global value chains. The 'Make in India' policy and trade agreements present opportunities for MSMEs to explore foreign markets. E-commerce is also playing a pivotal role in democratizing trade and empowering MSMEs to engage in international trade, with a significant impact on sales revenue. India's Foreign Trade Policy 2023 (FTP-23) aims to increase exports to \$3 trillion by 2030, with e-commerce-led exports as a booster. The policy also aims to reach \$200–300 billion in e-commerce exports by 2030.

3. Knowledge Sharing and Collaboration:

- **Technology Transfer:** As Indian MSMEs embrace advanced technologies, there's potential for knowledge sharing and collaboration with companies worldwide. This cross-pollination of ideas can accelerate technological advancements on a global scale. The adoption of cutting-edge technologies like Artificial Intelligence (AI), Machine Learning (ML), data-enabled systems, and internet-based businesses can make MSMEs more efficient, gain consumer trust, and stand out in the competitive market.
- Many MSME entrepreneurs are harnessing technology to innovate their products and services, revamp old businesses, and even start technology-

based businesses such as e-commerce and online services. The adoption of technology is crucial for MSMEs, as it can boost their role in India's export success.

- **Best Practices:** The success stories of Indian MSMEs can serve as valuable case studies for entrepreneurs in other developing nations. Sharing best practices in areas like innovation, marketing, and technology adoption can foster global economic development.
- ### 4. Sustainable Practices:
- **Focus on Sustainability:** The vision of Viksit Bharat emphasizes sustainable development. As Indian MSMEs strive towards eco-friendly practices, it can set a positive example for businesses worldwide, potentially leading to a more sustainable global economy. With India's commitment to reducing emissions intensity and reaching net zero by 2070, MSMEs will play a crucial role in the energy transition. The sector generates around 110 million tonnes of CO₂ equivalent annually, and the projected energy consumption is expected to increase by almost 50% by 2030. Incentives for green technologies and collaboration with international organizations are essential for integrating Environmental, Social, and Governance (ESG) practices.
 - **Resource Efficiency:** Adoption of technology by MSMEs can lead to resource optimization and reduced waste generation. This focus on sustainability can benefit the environment on a global scale.

CHALLENGES AND THE ROAD AHEAD

The path to Viksit Bharat is not without challenges:

- **Infrastructure Development:** India needs extensive infrastructure development in areas like transportation, energy, and communication to support a growing, developed economy. Inadequate infrastructure can hinder their growth.
- **Skilling the Workforce:** Equipping the workforce with the necessary skills to thrive in a knowledge-based economy is crucial.
- **Socio-economic Disparities:** Addressing issues like poverty, inequality, and social discrimination is essential for inclusive growth.
- **Environmental Sustainability:** Balancing economic development with environmental protection is a key challenge.
- **Market Access:** Competition from larger players and limited access to global markets can pose challenges for MSMEs.
- **Digital Divide:** Limited access to internet connectivity and digital literacy in rural areas can hinder MSME adoption of technology. Bridging the digital divide is crucial for inclusive growth.
- **Cybersecurity Concerns:** As MSMEs become increasingly reliant on technology, cybersecurity threats become more significant. Implementing robust cybersecurity measures is key for protecting sensitive data.
- **Investment Requirements:** Upgrading technology infrastructure requires initial investment, which can be a challenge for some MSMEs. Government initiatives offering financial assistance and access to affordable technology solutions can help overcome this hurdle.

DESPITE THESE CHALLENGES, VIKSIT BHARAT PRESENTS SOME VERY SIGNIFICANT OPPORTUNITIES

- **Demographic Dividend:** India's young population can be a powerful driver of growth and innovation.
- **Technological Advancements:** Leveraging technology effectively can help India leapfrog in various sectors.
- **Foreign Investments:** Attracting foreign investments can provide the necessary capital and expertise for development.
- **Mudra Loans:** The Pradhan Mantri MUDRA Yojana provides loans to micro-units, facilitating easier access to credit.
- **Skill Development Programs:** Initiatives like Skill India focus on equipping the MSME workforce with relevant skills.



- **E-commerce Platforms & Digital Payments Network:** Promoting e-commerce platforms can help MSMEs reach wider markets and expand their reach.

MSMEs are the cornerstone of the Indian economy, driving growth, generating employment, and fostering innovation. Recognizing their potential and addressing their challenges is crucial for India's journey towards becoming a developed nation. By facilitating access to finance, infrastructure, and market opportunities, the government and institutions can empower these dynamic enterprises to reach their full potential and contribute even more significantly to India's economic future. Viksit Bharat represents a bold vision for India's future. By focusing on inclusive growth, sustainability, and public participation, India has the potential to achieve this ambitious goal and emerge as a leading developed nation in the years to come. The success of this vision will depend on the collective effort of the government, businesses, and citizens alike.

Outlook

Despite the challenges, the potential benefits of Viksit Bharat are immense even for the Global Economy and Environment. By capitalizing on its opportunities and proactively addressing the risks, India can transform into a developed nation and a global leader. Achieving this vision requires a collaborative effort from the government, private sector, and citizens alike. With a combination of strategic planning, focused execution, and unwavering commitment, Viksit Bharat can indeed become a reality.

Projected growth statistics envisioned by the Indian government under the ambitious Viksit Bharat@2047 plan.

1. Per Capita GDP:

- The blueprint outlines the following projections for per capita GDP at current prices (in INR):
- 2030: Rs. 4,02,008/-
- 2040: Rs. 10,93,037/-
- 2047: Rs. 21,84,812/-
- These figures reflect the anticipated economic growth and prosperity for individual citizens.

