FICCI

THE WORLD'S GROWTH ENGINE



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FOREWORD



The theme for FICCI's 96th AGM and Annual Convention was the subject of much internal debate, with the general thought being it ought to reflect the country's progress and future outlook. The consensus opinion was **The World's Growth Engine** which aptly captures India's economic rise and its increasingly important role in shaping the global agenda.

A trifecta of a large domestic market, sustained reforms and favourable demographics has transformed India into the world's fastest growing large economy which will be third in the pecking order well before the end of the decade. Seeing opportunity in the adversity of the COVID-19 pandemic and its aftermath, a focus on structural reforms has added to the allure of India as an investment destination. Meanwhile, massive investment in physical and digital infrastructure has connected and empowered people while helping private sector investment gather momentum. Amidst all this, there is a commitment to fiscal discipline which has been aided by steadily increasing GST collections.

India's 'soft power' comes from its rapid economic growth and rich culture, enabling it to be a force for positive change. Its young population, with a median age of 28.4 and a ~67 per cent share of working population in total population, also gives it a competitive advantage. The country's transformation is not only benefitting its own citizens but also has implications for the rest of the world with the IMF forecasting that India's contribution to global growth will increase by 200 bps over five years to 18 per cent.

I am delighted by the overwhelming response to my request to contribute to FICCI's commemorative publication on the occasion of the AGM and Annual Convention. A galaxy of senior government officials, past presidents, members and leading business figures have sent in articles on a wide variety of topics anchored to the main theme. These offer tremendous insight into the prime factors behind India's growth, its future prospects and the impact it will have on the rest of the world. My sincere thanks to all the contributors.

While I am sanguine about India's prospects, we cannot take things for granted. It will call for focussed execution and continual assessment of corrective measures which may be required to

realise our full potential. However, I have no doubt that all stakeholders are aligned in this regard, and we will overcome any challenges including geopolitical complexities.

I am sure you will find the articles interesting and thought provoking. They capture the inherent sense of optimism that is all pervasive in our country as we seek to gain our rightful place among the leading nations of the world.

Subhrakant Panda
President, FICCI and
Managing Director, Indian Metals & Ferro Alloys Ltd.

1 India's Ascent to Economic Eminence

- Anish Shah



Many a time, numbers are better storytellers than words, as they have the power to give meaning to epochs that pass by. One such well-acknowledged economic dataset demonstrates fittingly the significant progress our country has made in recent decades. It took India nearly 60 years, after independence, to become a trillion-dollar economy. The second and the third trillion were added in just seven and five years respectively. Over this period, India rose to become the world's fifth-largest economy with a GDP of over US$ 3.5 trillion and an annual growth rate of over 6 per cent.

There has been buzz of India hitting the US$ 4 trillion mark, but experts predict we will get there by the end of next fiscal, assuming a stable Rupee-Dollar rate. If their forecast holds, the latest trillion will be added again in five years.

India is on the cusp of a remarkable transformation, driven by its ambition to become the third-largest economy in the world. Our aspiration is also to become a high-income country, lifting millions out of poverty and improving the quality of life for all. To that end, India is already bolstering its pillars of growth - manufacturing, agriculture and services sectors. Global investment banks such as Morgan Stanley and JP Morgan predict India to become the third-largest economy by 2027; the latter expects India's GDP to double to US$ 7 trillion by 2030.

Revving up the growth engines

India's manufacturing sector, at US$ 450 billion, is the same size as that of South Korea's, but it accounts for only 15 per cent of the country's GDP. Manufacturing-led growth spurs technological advancements and skill development, ultimately contributing to efficient resource allocation and economic diversification. Additionally, domestic production reduces dependence on imports, ensuring a more self-sufficient and resilient economy.

The government's 'Make in India' plan has the potential to accelerate our exports and position our manufacturers as essential links in critical global value chains. And to achieve this, India has adopted a bottom-up approach where SMEs are adequately supported and access to capital and technology is easier. Government schemes such as the PLI (Production Linked Incentive)

> *India is on the cusp of a remarkable transformation, driven by its ambition to become the third-largest economy in the world.*

can spawn production capabilities in areas where the manufacturing sector has a limited presence. Measures taken to cut down infrastructure bottlenecks, bring down logistics costs and ease regulatory complexities are already helping manufacturers of all shapes and sizes.

India's digital infrastructure has expanded by a wide measure over the past decade, transforming every sector of the economy and reshaping the nation's growth trajectory.

And while we restructure the manufacturing sector, it is important for us to concurrently address the growth of the agriculture sector. The 'Make in India - Make for the World' slogan should be taken to the hinterlands, where farming and an enormous proportion of our population live. Initiatives such as the Farmer Producer Organisation and the 'one district, one product' scheme are already helping the agriculture sector.

The integration of modern technologies, sustainable practices and farm mechanisation with traditional farming methods holds the key to improving Indian agriculture. Drip irrigation systems, precision farming with IoT devices and organic farming can boost productivity, save costs and ensure environmental sustainability.

The services sector has been at the vanguard of India's economic growth over the past two decades. Services - led by the IT/ITES industry - have attracted considerable investments, met favourable government regulations and benefitted from a vast pool of skilled workforce, making it a formidable force to expand India's GDP in the future.

Paving the path for a new India

India's digital infrastructure has expanded by a wide measure over the past decade, transforming every sector of the economy and reshaping the nation's growth trajectory. At the forefront of this transformation are key components such as Aadhaar, the world's largest biometric ID system, and the Unified Payments Interface (UPI), which is driving digital payments at a rapid pace. UPI has set records with over 1,140 crore transactions in October 2023, valued at INR 17.6 lakh crore, showcasing its integral role in the digital economy. Notably, UPI's success has extended beyond national borders, attracting interest from other countries and becoming a compelling tool for India's foreign policy outreach.

Alongside, Digilocker, a user-friendly application, has played a crucial role in reducing paperwork, bureaucratic hurdles and facilitating efficient document management for citizens. The Open Network for Digital Commerce (ONDC), established just a year ago, signifies a major stride toward creating an open and inclusive digital commerce ecosystem, aiming to promote fair competition and innovation. Together, Aadhaar, UPI, Digilocker and ONDC exemplify India's holistic approach to digitizing its infrastructure, emphasizing identity, efficient financial transactions, administrative ease and an open digital marketplace.

Policy interventions such as the National Digital Communications Policy, the Startup India campaign, RERA, the bankruptcy code and GST have all contributed to the creation of a favourable business environment.

Rising overseas demand for our products and services is also contributing to the steady growth of India's export basket. In October this year, India is estimated to have shipped out goods and services worth US$ 62.26 billion, marking a near 10 per cent increase over the corresponding period of last year. Large Indian companies, such as the Mahindra Group, have forayed into several new markets with goods and services that can compete with the finest in the world. Undoubtedly, corporate India is long on the idea of 'a growing India' and is showing immense confidence to invest more capital in their businesses.

India holds a unique position in the world on account of its young demography, geographical and cultural diversity and inherent ethical principles – all of which must be carefully nurtured and leveraged.

Inclusive growth is key

India holds a unique position in the world on account of its young demography, geographical and cultural diversity and inherent ethical principles - all of which must be carefully nurtured and leveraged. No quantum of growth, development or milestones achieved would matter if they are not inclusive.

In the last 15 years, India has managed to free 415 million people from extreme poverty. There has been a marked improvement in our healthcare, education and housing parameters as well. India has over 30,500 primary health centres serving a large mass of disadvantaged population. The country also has a well-established education system with nearly 15 lakh schools with more than 95 lakh teachers. The average life expectancy of our people has also increased to 70 years (in 2019), from about 46 years in 1950. Our growth, so far, has been inclusive - and it must be so for very many years to come.

As the economy expands, newer industries will emerge, resulting in more job creation, growing per-capita income and increased consumption. We will be able to catch that trend-line only if we start skilling our youngsters on a war footing. And more importantly, we should be able to get more women into the workforce. By simply empowering women and giving them equal opportunities, India could add up to US$ 770 billion to its GDP, reveals an earlier study by

India must now fire up its growth engines – manufacturing, agriculture and services sectors – by embracing modern technologies, adopting sustainable practices and ushering in innovative strategies.

McKinsey. The best dividend India receives for fostering 1.43 billion people is improving the country's output, GDP and productivity per individual.

India stands at a pivotal moment in its journey to becoming the third-largest economy in the world. Our place on the high tables, such as that of G20, ASEAN, BRICS and the UN, is a testimony to our growing influence on the global stage. India must now fire up its growth engines - manufacturing, agriculture and services sectors - by embracing modern technologies, adopting sustainable practices and ushering in innovative strategies. By doing so, our country will be able to unlock its true potential.

India's economic journey is not just about the numbers; it echoes a collective determination of a billion Indians to forge a path that not only unlocks economic potential but also ensures a profound impact on the world stage symbolizing progress, resilience and a brighter future.

***- Anish Shah** is President-Elect, FICCI and Group CEO and Managing Director, Mahindra Group*

2 Making India a Global Powerhouse

- Harsha Vardhan Agarwal



When the juggernaut, aka the Indian economy, acquired its wheels the global market didn't even notice. Just as they didn't when Kapil's team went into the initial games of the '83 Cricket World Cup. The rest is history.

Somehow, the story of the Indian economy appears to be the reflection of the '83 Cricket World Cup. With nay-sayers, critics and analysts overwhelmingly putting down everything about efforts in the Indian market as being 'trash', the same way the cricket pundits treated the Indian team when it went in to play the first game in that historic World Cup.

From there to the prediction, now, that India will drive a fifth of world expansion this decade from a global consultancy behemoth that was known to have been ultra-critical of India's economic efforts cannot but be compared with the famous cricket commentator David Frith eating his own words about our team's chances at the '83 World Cup. And now the cricketing prowess of India is a given as is India taking on the world market flexing her economic muscle.

India always had the potential. Even the worst critic of the Indian economy couldn't but acknowledge that. The issue, of course, was not only about how to realise it but also about how to make it go beyond its potential. In a competitive world, performing at your potential is about staying afloat. But to surge, to stay at the front, needs stretching your potential. It's as much true at the micro level as it's true at the macro. Or, more specifically, ***it's not just about potential but more about aspiration and the freedom to realise that aspiration.***

And we always had the aspiration. But the process of its realization was capped by physical infrastructure and the policy superstructure. As it started changing, economy's potential also started getting realized and aspirations started coming to the fore.

For instance, who could have thought that within our lifetime we would see an India where laying of over 10,000 km of highways of global standard would become so much part of life that it would just merit a passing reference?

Making India a global power, in a sense, is this - accepting what was impossible then as normal now. But it has not been easy nor would sustaining this at an accelerated pace would be easier. Making infrastructure development a priority at the policy level has started yielding dividends. Embracing frontier technology and making that spread through appropriate policy changes has added the spark that we needed. But we, perhaps, need more.

Think about this. Despite our knowledge capital base, we allowed the first global information technology revolution to pass us by. By the time we could jump onto the bandwagon, we could merely hang onto it. This happened mainly because we were not ready at the policy level to encourage

enterprises of any form that could compete at the global level. But now we are ready to ride the second wave in the same field as one of the pioneer nations. As the Honourable Science and Technology Minister, Mr Jitendra Singh is quoted to have said about the National Quantum Mission, "India will be the sixth country to have a dedicated quantum mission after the US, Austria, Finland, France and China. The new mission targets developing intermediate-scale quantum computers with 50-1000 physical qubits in eight years in various platforms like superconducting and photonic technology".

Given the China Plus policy of investment, Vietnam and India are two countries that investors are looking to put their money in.

Now the world knows that India means business. And it is emerging as a favoured investment destination for many a global brand. Because India has stopped thinking small. And the global geo-political situation is providing the much-needed tailwind in that direction. Given the China Plus policy of investment, Vietnam and India are two countries that investors are looking to put their money in.

As a result, we are not only ready to lend our physicists and technologists for the fabrication of quantum computers to other countries, we are also ready to host chip fabrication companies as an investment destination for design and fabrication of their products. India has already signed a five-year MoU with Japan that would tap into the advanced electronic ecosystem within a collaborative framework. A new class of entrepreneurs are emerging and there are more unicorns than ever before. Also, our lobby on the global stage is stronger than ever before. Of the S&P 500 companies, we can count 25 India-born CEOs. And we are slowly emerging as a solid competitor in space commerce as well.

But are we there yet? What more do we need? By the available projections, we would soon leave the fifth largest economy slot to become the third largest one. By 2035 India would become a US$ 10 trillion economy. But should that make us complacent? Or should we introspect more so that we become a country for others to emulate?

India has always been famous for its formidable intellectual capital. Now the time has come to reap greater dividends from that strength. That means a greater focus on translational research and moving towards context-appropriate innovations through intense collaboration between industry and academia. We have world-class institutions. We have developed economic muscle. We need to bring them together in a more fruitful marriage that could create offspring in terms of products that could drive the global market insane. A marriage between intellect and enterprise is a lethal combination. This marriage made the birth of the information technology and communication revolution among others. It is heartening to note that policy response is increasingly becoming appropriately elastic in this respect.

In this context, we must take note of the fact that India's contribution to global trade is still too low given the economic power that we have emerged to be. We need to step it up to realise our aspiration to provide the Rupee its rightful and appropriate place in the global exchanges.

We are all aware of the fact that the goal of boosting manufacturing to 25 per cent of GDP remains elusive. We should together address this to realise our aspirations of transitioning to a nation with global economic might by laying due focus on context appropriate innovation.

> *We need to make India a Global Powerhouse with an imitation worthy difference. It should become a place where dream turns into reality.*

The aspiration of becoming a leader in the market in all senses of the term cannot be sectoral. It needs to be more broadly based if not universal. For that, we need to step up our efforts towards reaping the demographic dividend through the spread of greater skill-based education. The policy focus is shifting towards this but this needs a greater alignment within our federal structure. We need this not only from the supply side but from the demand side as well given the growth surge that we are witnessing now. We need to have corresponding growth of the middle class to sustain the market.

I started with a prediction from a global consultancy firm but didn't quote the entire projection. It predicts that India will drive a fifth of world expansion this decade positioning the nation as one of only three that can generate more than US$ 400 billion in annual output growth. That we will. But we also need to create an Indian dream for all. We need to make India a Global Powerhouse with an imitation worthy difference. It should become a place where dream turns into reality.

- Harsha Vardhan Agarwal *is Vice President, FICCI and Vice Chairman and Managing Director, Emami Ltd.*

3 Innovation Nation: How can startups power the economy?

- Ritesh Agarwal

"Indian startups have emerged from the shadows and stepped into the limelight. Their growth has been spectacular. Now their impact must be the same."



Mildly surprised at the omission of enterprising businessmen from Adam Smith's magnum opus, 'The Wealth of Nations', French economist Jean-Baptiste Say ended up coining the term 'entrepreneur', which loosely translated to 'undertaker' or 'adventurer'. A cotton manufacturer himself, Say felt that it was unwise to leave out entrepreneurs from formal models of the economy.

At a time when there was little appetite for risk-taking, Say's foresight was indeed remarkable, but it wasn't until the middle of the 20th century that economists genuinely tried to include entrepreneurship in their models. Cut to the present and the importance of entrepreneurs in shaping the world's economies is undisputed. As job and wealth creators, startups, led by ambitious founders, have proven to be instrumental in spurring growth.

In India, that shift has been especially stark. The last few years have democratized entrepreneurship across the country and triggered an entrepreneurial spark among thousands of youngsters. From online retail to space technology, modern Indian startups have emerged as trailblazers, pioneering innovation and problem-solving on a large scale.

With more than 115,000 recognized startups and over 100 unicorns, India blossoming into the world's third-largest startup ecosystem is no accident. In some ways, this rise was inevitable. A population largely made up of young people and a growing middle class have acted as major catalysts in this respect, ably supported by a stellar talent pool and friendly government policies such as the Atal Innovation Mission and Production Linked Incentive Schemes.

The formation of the Startup20 engagement group as part of India's G20 presidency, the first of its kind at this level, announced the arrival of Indian startups as mainstays of the economy.

Much of that has been powered by digitization. The digital revolution has been a game-changer for Indian entrepreneurs, especially in the hotel industry. The integration of technology has

"The last few years have democratized entrepreneurship across the country and triggered an entrepreneurial spark among thousands of youngsters."

redefined customer experiences, from online bookings to personalized services. Startups have leveraged artificial intelligence and data analytics to tailor offerings, making each guest interaction more meaningful.

Startups in India have shifted their focus from service-led to product-driven innovation, showcasing their technological capabilities across multiple industries.

Some estimates suggest that India will be home to 200 unicorns by 2025. While mere unicorn status does not constitute the very definition of success - there are hundreds of small startups doing exceptional work and improving lives all around - the predicted number is a fair barometer of the rapid strides the startup ecosystem has made. When OYO was launched a decade ago, startups were still a novel idea; now youngsters are out to disrupt the market in myriad ways - a true testament to India's emergence as an 'Innovation Nation'.

Infosys co-founder, Narayana Murthy, has spoken about why this may be the best time to be an entrepreneur in India and how the country is well-positioned to innovate not only for itself but for the rest of the world as well. It is difficult to argue with that - and for good reason.

Indian startups have created 9 lakh direct job opportunities since 2017, according to the Economic Survey 2022-23. In 2022 alone, homegrown startups generated 2.69 lakh jobs in the country, up 35.8 per cent from 1.98 lakh jobs created in the previous year, the Survey added. These are encouraging numbers for a country whose youth was once known to relentlessly pursue the supposed safety of a government job. Startups, to some extent, have altered the Indian psyche as we go from job seekers to job creators.

But staying true to the entrepreneurial DNA, this is no time to stand still. The Indian economy stands on the brink of an incredible opportunity. It has consistently stood out as among the few bright spots amid macro headwinds and global geopolitical uncertainty. Sustained GDP momentum, coupled with investments in physical and digital infrastructure, could make India the world's third-largest economy by FY2028, overtaking both Germany and Japan.

This can be accomplished by scaling manufacturing and services businesses, and, perhaps most importantly, continuing to invest in and strengthening the startup ecosystem.

Startups in India have shifted their focus from service-led to product-driven innovation, showcasing their technological capabilities across multiple industries. This change has undoubtedly raised India's profile on the global technology stage.

Technology, in fact, poses a golden opportunity to further India's startup push. Our technological capabilities have long been a game-changer for the world. In FY23, software exports from India reached an all-time high of US$ 320 billion, boosting its share of global computer services exports to around 11 per cent. For instance, the ubiquitous Unified Payments Interface (UPI), a homegrown platform that has proven to be scalable, could be India's next export frontier.

For long, we have lamented the lack of Indian companies shining on the global stage. Services like UPI give us a chance to correct that and help India become synonymous not just with technology services, but also products.

Moreover, the massive shift towards technology and digitization has put many sunrise sectors in focus. Advancements in technology and an emphasis on inventive business models has meant that industries focused on electric vehicles, clean energy, drones, space technology and agricultural technology have continued to attract investors despite the relative slowdown in funding in recent months. With sustainability set to remain a key focus in the years to come, social entrepreneurship could, in its own little way, define India's growth trajectory.

To expand the reach of Indian startups that can rival the likes of the United States and China, there is a need to further strengthen the startup ecosystem, one which can mold ideas, ensure knowledge sharing and offer much-needed mentorship and investment.

In the end, India's entrepreneurial story will not solely be defined by the number of startups created but by their ability to turn fledgling ideas into affordable, cutting-edge solutions. Only then can they power the next wave of economic growth, the very kind that Jean-Baptiste Say would approve of.

- Ritesh Agarwal *is Founder and Group CEO, OYO*

4 Realising India's Export Potential

- Harish Ahuja



India's nexus of international trade dates to several centuries, when India was known for its spices, medicinal herbs, cotton textile, tea, as well as crafts. India's exports had already created a mark on global world map prior to colonization by Britishers, with estimates showing India's share in global exports at 5 per cent around 1875. India's share in global trade started dwindling during British rule and stood at 2.53 per cent at the time of independence in 1947, further declining to 0.53 per cent until the economic liberalization in 1991. The trend was reversed subsequently and our share in global merchandise exports increased to 1.8 per cent in 2022-23. However, India's true potential of exports remains untapped. There is a need to enhance our share in global trade through the right mix of strategy and planning, especially given the high level of uncertainty in current times.

In the past few years, global trade has been tested by multiple crises. What is noteworthy is that despite a dismal global economic environment, India's exports have displayed resilience during the last two financial years. The overall exports (merchandise and services) increased to US$ 676 billion and US$ 776 billion, registering y-o-y growth of 36 per cent and 15 per cent in FY22 and FY23, respectively. However, the mounting geo-political challenges have become tumultuous for the world economy, resulting in economic slowdown in many advanced markets, thereby posing a major downside risk to India's exports this year. As per the WTO Global Trade Outlook (October 2023), the expected growth in the volume of world merchandise trade has been revised downwards to 0.8 per cent for this year as against the previous forecast of 1.7 per cent.

Despite the current global headwinds, India can still outshine and expand its global market share. Every adversity brings an opportunity and if we are to achieve the export target of US$ 2 trillion in goods and services by 2030, the time to act is now. A calibrated strategy and comprehensive roadmap are critical to realise this vision. While India has taken steps in this direction, concentrated efforts to scale up exports must continue. Let me highlight some key suggestions in this regard.

There is a need to enhance our share in global trade through the right mix of strategy and planning, especially given the high level of uncertainty in current times.

Exports diversification

India's current exports have been largely dominated by petroleum products, gems and jewellery, pharma, etc. India should focus on

expanding its product basket beyond the traditional sectors, where it has a relative competitive advantage. From traditional commodity baskets, there has been a visible paradigm shift towards engineering, organic and inorganic chemicals and electronic goods. The government's initiatives through export promotion schemes, Production Linked Incentive (PLI) schemes are driving this swing, facilitating India to take the first mover advantage in the emerging sectors.

A single portal to submit the documents may be considered, especially by developing block-chain platforms integrating Customs, DGFT, ports, banks and shipping companies.

Fostering an enabling ecosystem

The new Foreign Trade Policy (FTP) 2023 focuses on five key elements: Duration, Dynamism, Decentralization, Direction, and Disaster mitigation to create an enabling ecosystem for exporters. The Foreign Trade Policy will serve as a cornerstone for trade promotion and trade facilitation. The infrastructure and e-Governance initiatives charted out in the policy along with the National Logistics Policy will enable our exporters to reduce the burden of logistics costs and improve the ease of doing business in the country. Streamlining the trade processes and digitalization of trade documents should be further accelerated. A single portal to submit the documents may be considered, especially by developing block-chain platforms integrating Customs, DGFT, ports, banks and shipping companies.

Supportive policies by the State governments will also encourage exporters. The recent approval by the Maharashtra cabinet for state's first export incentive policy is a welcome move in this context. The policy will provide financial assistance for export-oriented projects and industrial parks. It aims to double the value of the state's exports to US$ 150 billion and introduce 30 export infrastructure projects in the next five years. It is expected to benefit 5,000 MSMEs and create 40,000 job opportunities.

Leveraging 'China plus one' opportunity

Post-Covid, the world has seen global businesses scouting for "China plus one" dispensation. India should make the most of this opportunity to expand its international footprint and realise its ambitious targets. The growing sentiment of the "China plus one" strategy may give India an added advantage due to its strong diplomatic ties with its partner countries. The focus of countries due to 'friend shoring' or 'ally shoring' will help India capture this opportunity.

Creating market access through FTAs

In an era of interconnected economies, Free Trade Agreements play a pivotal role in promoting international trade. These trade agreements are critical in penetrating new markets and tapping the myriad of opportunities. The government should leverage free trade agreements by identifying and focusing on key regions of bilateral and regional trade agreements. Balanced, ambitious, comprehensive and mutually beneficial trade agreements will strengthen India's integration with its

partners and create new avenues for the industry through an increased engagement in the global value chain.

> *India must negotiate with the partner countries and effectively address non-tariff barriers and navigate new regulations.*

The recent trade agreements with the UAE and Australia have been entered at the right time. What is needed is to push towards greater utilisation of these FTAs. It is critical to create greater awareness about relevant aspects of FTAs amongst businesses. Especially the small and medium exporters find it difficult to utilise FTAs due to limited availability of information and various documentation and procedural requirements associated with availing of FTAs. Creating awareness amongst the businesses would enable them to leverage these trade agreements, boosting the outbound shipments from the country.

Other important element is to address the non-tariff barriers. Despite the liberalisation of tariffs on products under various FTAs, Indian exporters experience restrictions and divergences in the international markets, in the form of various regulations and barriers. This imposes notable hurdles for exporters in terms of increasing trade costs while also restricting penetration in these markets. India must negotiate with the partner countries and effectively address non-tariff barriers and navigate new regulations.

Supporting MSME exporters

MSMEs account for nearly 43.6 per cent share in India's total exports. Thus, providing support to MSMEs to increase their exports and enable them to be a part of the Global Value Chains will be extremely important if India has to achieve its vision of being a leading exporter. The G20 New Delhi Leaders' Declaration duly recognised the array of challenges faced by MSMEs. The declaration also calls for integrating the MSME sector into international trade.

The government has taken an important step by including e-commerce under the ambit of the Foreign Trade Policy 2023. This will help MSMEs unleash their export potential and help establish India's traditional products as global brands. Capacity building measures in quality standards, regulatory requirements for trade, digital skills for trade, smart manufacturing etc. can help SMEs to participate in international trade and integrate into the Global Value Chains.

To conclude, I would say that India has updated its playbook towards becoming an export hub. The continuous efforts to improve infrastructure, deepen manufacturing, creating bilateral market access through trade agreements and reduction in regulatory barriers have all helped create a better environment for exports. With the international landscape undergoing significant change, the government-industry partnership will be pivotal to realise the export potential and increase our share in global trade to 10 per cent in the Amrit Kaal, a period when India regains its glory of the past.

- Harish Ahuja *is Managing Director, Shahi Exports Pvt. Ltd.*

5 Transforming India's Banking Sector: Unleashing the power of digital banking

- Amitabh Chaudhry



India's financial landscape is witnessing a colossal change in today's swiftly digitizing era, courtesy, the transformative force of digital banking. Advanced technologies and extensive internet access have steered a remarkable evolution within the banking sector, entirely reshaping how financial services are delivered and accessed. The present state of digital banking in India not only mirrors the substantial strides achieved thus far but also illuminates the vast potential that awaits on the horizon.

Fueled by the ambitious Digital India initiative and the widespread use of smartphones among over 600 million users, India's digital-banking ecosystem has witnessed an astounding surge. This technological revolution has empowered millions across urban centres and rural areas, providing them with convenient, secure, and efficient access to financial services. Popular services like mobile apps, online payments, digital wallets, etc. have seen widespread adoption, fundamentally transforming how people manage their finances, conduct transactions, and engage with financial institutions.

The global charts in real-time digital payments volume are currently led by India, thanks to its robust digital infrastructure and extensive integration of the Unified Payments Interface (UPI) representing more than 40 per cent of all such transactions worldwide. UPI has emerged as a game-changer in the realm of digital payments within India, witnessing a staggering 11.41 billion digital payment transactions valued at INR 17,157.68 billion in October 2023[1].

India's current digital banking landscape is dynamic, showcasing a diverse mix of established players, innovative fintech startups and traditional banks that have wholeheartedly embraced the digital revolution.

Financial inclusion: Building room for everyone

Digital banking's pivotal advantage lies in its capacity to narrow the divide between urban communities and the unbanked or underbanked, particularly in rural regions.

It has empowered individuals across diverse geographical locations and socio-economic strata to conveniently access vital banking services.

> *Digital banking's pivotal advantage lies in its capacity to narrow the divide between urban communities and the unbanked or underbanked, particularly in rural regions.*

[1] *Source: https://www.npci.org.in/what-we-do/upi/product-statistics*

Armed with just a smartphone and an internet connection, people can open accounts, conduct transactions, monitor balances and even access credit facilities. This level of convenience eliminates the necessity of visiting banks physically, which can be arduous and time-consuming, particularly for those living in remote areas.

Moreover, digital banking has streamlined the direct transfer of government subsidies and welfare benefits to individuals, curbing inefficiencies and ensuring targeted beneficiaries receive funds promptly.

A significant facet of digital banking's impact on financial inclusion lies in the accessibility of digital payment solutions. The surge in popularity of digital wallets and mobile payment platforms has empowered individuals to conduct transactions, settle bills and shop online without physical currency. This shift has particularly favored the unbanked population, that previously relied on cash transactions.

Going a step further, digital banking extends opportunities to micro, small and medium-sized enterprises (MSMEs) and entrepreneurs. Enabled by the digital-banking infrastructure, digital lending platforms offer these businesses easier access to credit, alleviating the hurdles often encountered through traditional lending channels. This improved access to finance enables MSMEs to expand, invest and significantly contribute to job creation and economic advancement of the nation.

Digital lending is poised to play a crucial role in bridging the sizable credit gap estimated at around US$ 250-300 billion within the MSME sector, accounting for 30 per cent of India's GDP (Gross Domestic Product).

Harnessing the digital evolution: Empowering the ecosystem

The evolution of India's banking ecosystem owes much to the concerted efforts of the Central Government and the Reserve Bank of India (RBI). The transformative power of the country's digital public infrastructure has reshaped the landscape, enhancing accessibility and inclusivity in financial services.

At the heart of this revolution lies the India Stack, propelled by Aadhaar, the globe's largest biometric-identity system. Within this framework, UPI stands tall, offering instantaneous money transfers through Virtual Payment Addresses (VPAs), bypassing the need for conventional bank account numbers and IFSC codes.

Complementing this structure is DigiLocker, a cloud-based digital document repository, eradicating the dependence on physical documents by enabling secure storage and access to official records. The electronic Know Your Customer (eKYC) leverages Aadhaar-based authentication, swiftly and remotely verifying customers' identities.

Another vital component, the Account Aggregator, empowers individuals to securely share financial data across multiple institutions. This innovative tool consolidates financial information from various banks and institutions, promoting transparency and facilitating robust financial planning. To date, over 67 billion digital identity verifications have been conducted, while 10 operational Account Aggregators bolster the ecosystem.

Moreover, the RBI's forward-thinking stance on digitalization has galvanized the banking ecosystem, encouraging an environment ripe for pioneering initiatives. The inception of the Central Bank Digital Currency (CBDC) pilot has sparked considerable interest, heralding the prospect of a tokenized monetary system. Notably, banks like Axis Bank have actively engaged in the CBDC pilot, laying the groundwork for potential cross-border transactions, programmability and offline utility.

The pilot has seen remarkable traction, with over 1.5 million users and 300,000 merchants actively participating. Like the trailblazing success of UPI, the tokenized rendition of the Rupee holds promise for significant future innovations.

RBI's forward-thinking stance on digitalization has galvanized the banking ecosystem, encouraging an environment ripe for pioneering initiatives. The inception of the Central Bank Digital Currency (CBDC) pilot has sparked considerable interest, heralding the prospect of a tokenized monetary system.

The RBI and its subsidiary, Reserve Bank Innovation Hub (RBIH), recently joined hands with banks to introduce digital Kisan Credit Cards (KCCs) and MSME loans, harnessing India's robust Digital Public Infrastructure (DPI). Such strides aim to widen access to credit for farmers and small-business proprietors.

These fortified infrastructures and pioneering initiatives have empowered banks to reimagine their services, offering efficient and secure financial solutions to millions of Indians. Notably, personalization has emerged as a pivotal force in the banking ecosystem, where banks leverage data and analytics to craft tailor-made experiences for customers. Through digital platforms and applications, customers receive bespoke notifications aligned with their financial status and requirements including reminders for crucial tasks.

In this digital era, partnership between banks and ecosystem players has emerged as a vital strategy to offer comprehensive financial solutions. India's banking sphere has witnessed thriving engagements with diverse stakeholders, encompassing fintech enterprises, payment gateways and insurance providers. These alliances have paved the way for the introduction of new and smart financial products and services, broadening the array of choices accessible to customers.

This collaborative ethos has also accelerated the advancement of digital payment systems and other fintech solutions. Consequently, banking has become more convenient, secure, and efficient for users, epitomizing the symbiotic relationship between stakeholders in enhancing the overall banking experience.

Paying heed to challenges and steering innovation

The digital divide poses a formidable challenge to achieving financial inclusivity. Many, particularly in rural areas, lack digital literacy and access to smartphones or computers. Addressing this disparity

demands concerted efforts to provide digital literacy training and ensure equitable access to digital-banking services across all segments of society.

The presence of infrastructure limitations, especially in rural and remote regions characterized by unreliable internet connectivity and power supply, also stands as a significant hurdle. This impedes the seamless delivery of digital-banking services and restricts access to a sizeable portion of the population.

A joint report published by the IAMAI and Kantar, highlights a persistent digital divide across states, revealing a significant disparity in internet penetration. Bihar, at 32 per cent internet users, stands in stark contrast to Goa, the leading state with 70 per cent internet penetration, depicting a wide gap in access and usage among regions[2] .

Amidst the surge in digital transactions, concerns about security loom large. Safeguarding customer data and ensuring secure transactions are paramount to upholding trust in digital-banking platforms. Implementing robust security measures like encryption, multi-factor authentication and AI-driven fraud-detection systems become imperative to mitigate these risks.

To tackle some of these challenges, banks and financial institutions have initiated measures to instil a digital-first mindset among their workforce. Comprehensive training programs have been rolled out to bolster digital skills, encompassing digital-banking operations, cybersecurity, customer experience management (CXM) and emerging technologies.

Prospects ahead

The future of digital banking in India shows tremendous potential, shaped by emerging trends that redefine the industry and fuel its expansion. These shifts promise to revolutionize how banking services are delivered and experienced by customers.

Open banking, gaining ground in India, fosters an engaging customer-centric banking environment by enabling secure sharing of financial data with authorized third-party providers. Through open APIs, banks integrate seamlessly with third-party platforms, enriching customer services.

Blockchain technology presents significant advantages in remittances, trade finance and KYC processes. It's secure and transparent nature allows faster cross-border transfers, streamlines trade finance and enhances KYC efficiency.

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[2] *Source: https://www.thehindu.com/news/national/over-50-indians-are-active-internet-users-now-base-to-reach-900-million-by-2025-report/article66809522.ece*

Decentralized finance (DeFi) leverages blockchain to offer decentralized financial services, potentially democratizing access, improving transparency and promoting financial inclusion. However, regulatory and security concerns need careful attention for sustainable growth in India.

AI-powered chatbots redefine customer service by utilizing Natural Language Processing (NLP) and Machine Learning (ML) to offer real-time assistance and personalized recommendations thus enhancing experiences, reducing response times and streamlining customer support.

Voice-enabled banking has also gained traction, offering convenience through voice commands via assistants like Amazon Alexa and Google Assistant. This hands-free approach caters to users with limited digital literacy or physical disabilities, making banking even more accessible.

As India steers toward a digital future in banking, the momentum generated by its tech-savvy, young population holds immense promise. With over 800 million individuals under 35 years of age, the stage is set for a transformative era in digital banking, heralding innovation, redefined business models and heightened financial accessibility.

Conclusion

As India steers toward a digital future in banking, the momentum generated by its tech-savvy, young population holds immense promise. With over 800 million individuals under 35 years of age, the stage is set for a transformative era in digital banking, heralding innovation, redefined business models and heightened financial accessibility.

However, the realization of these prospects hinges on effectively addressing regulatory, policy and security challenges. The establishment of robust frameworks to safeguard customers' interests, ensuring data privacy and maintaining transactional integrity stand as critical imperatives.

India, as the world's largest democracy with a population of 1.42 billion, boasts boundless potential for an impactful change. Supported by strong macroeconomic fundamentals and favourable demographics, the nation stands at the threshold of abundant opportunities. By embracing innovation and emphasizing security and inclusivity, India can chart a course towards widespread financial empowerment and prosperity.

The road ahead teems with excitement, where a clear vision and concerted engagements will position digital banking as a linchpin in shaping India's financial trajectory.

- Amitabh Chaudhry *is Managing Director and Chief Executive Officer, Axis Bank*

6 Role of States in Powering India's Growth

- Bibek Debroy



India is in Amrit Kaal, which sets out the country's aspirations for 2047, the 100th Year of Independence. Since growth is a means to an end, the aspirational goal for India is not only in terms of the aggregate size of the economy or per capita income, but also in terms of reduction of poverty and moving to the high human development category, measured say by UNDP's HDI (Human Development Index). For instance, NITI Aayog's tracking of SDGs (Sustainable Development Goals) shows that several States, and districts within them, need to catch up.

The growth goal for 2047 is articulated both in terms of aggregate GDP and per capita GDP, expressed in US dollar terms to make cross-country comparisons possible. The Rupee/Dollar conversion can be done with official exchange rates or PPP (Purchasing Power Parity) exchange rates. In PPP terms, India is already the third largest economy in the world, after China and USA. With official exchange rates, India is fifth largest, after USA, China, Germany and Japan. By 2027 or 2028, India is expected to become the third largest, overtaking Germany and Japan. Looking some twenty years ahead, by 2047, the aspiration for India is to become a "developed" economy. There is no precise definition of the expression "developed" any longer. Using World Bank classifications, to become "developed", India needs to move to the high-income category, that is, a per capita income of US$ 13,000. There are people who have done projections, with a possible per capita income of US$ 13,000 and an aggregate size of the economy of more than US$ 20 trillion by 2047. All such projections require assumptions about the inflation rate, the exchange rate and rate of population growth. Most importantly, they require assumptions about real growth rates. Will the trend rate of growth be 6.5 per cent, 7 per cent, or more, recognizing that growth rates tend to taper off as one moves up the ladder?

There are different ways to slice the growth assumption. First, there is the obvious national income accounting approach, breaking up growth into its four components of consumption, investments, government expenditure and net exports. Second, one can do a sectoral break-up, primary, secondary and tertiary sectors and map their contributions. Third, one can estimate a production function, with contributions of land, labour and factor productivity. Such different methods complement each other and one should remember that what happens to India in the aggregate is a summation of State GSDP (Gross State Domestic Product) numbers. Figures vary a bit from one year to another, but roughly 97 per cent of India's GDP is accounted for by contributions of States and Union Territories. (There are Union government contributions through railways, defence and national highways.) More than 60 per cent of public expenditure happens in States. Investments are facilitated, and impeded, by States. Reforms in land markets are entirely a State government subject and that, in turn, influences

the contour of agricultural reforms. Labour markets are largely, though not entirely a State government subject. Ipso facto, States determine what happens to India and the country's growth aspirations.

> *States determine what happens to India and the country's growth aspirations.*

States aren't homogeneous. They vary in size, economic performance and contribution to growth. States that grow faster than the all-India average pull up India's performance and the reverse is the case for States that grow slower than the all-India average. GSDP growth rates can vary from year to year. Subject to that, as high growth rate States, one is looking at Gujarat, Karnataka, Haryana, Madhya Pradesh, Telangana, Tamil Nadu, Odisha, Delhi and Assam. Perhaps one can add UP and Mizoram to that list. On the flip side, as low growth States, one is looking at Kerala, Jammu & Kashmir, Jharkhand, Punjab and Meghalaya. This is purely in terms of growth rates. Since sizes vary, contributions aren't uniform. Purely statistically, Maharashtra, Gujarat, Tamil Nadu, Karnataka and UP explain much of India's growth.

With the emphasis on factor markets, as opposed to product markets, post-1991 reforms shifted focus to States. Since 1991, the issue of convergence versus divergence between States has often been debated. The answer depends a bit on the indicator used. If social sector indicators are used, there is generally a case for convergence. However, if growth indicators are used, the evidence generally indicates divergence, though this also depends on whether one uses the increment (the change) or the absolute level. (Some States have improved their performance, but the base is still low.) Having said this, there clearly is a growth story in the West (Gujarat, Maharashtra) and the South (Tamil Nadu, Karnataka, Andhra, Telangana). (Kerala doesn't quite fit the story.) With connectivity having improved and mainstreamed historically deprived regions, there is an incipient growth story in Madhya Pradesh, Rajasthan and Chhattisgarh. While the North has been important, is there some slackening in Punjab and Haryana? UP has already been mentioned. But there are also indications of a growth revival in the East (Bihar, Odisha, West Bengal). When thinking of growth, one shouldn't think only in terms of industry and manufacturing. There are growth drivers in agriculture and services too. Finally, there is the North-East. Though not very important quantitively yet, that region is a building block in economic integration with trading partners in that neighbourhood. There is a low base and also volatility, but one should mention the pick-up in growth in Assam, Manipur and Tripura.

Article 1 of the Constitution states, "India, that is Bharat, shall be a union of States". Precisely and expressions like cooperative federalism and competition between States have often been used. The idea of cooperative federalism does not negate competition to attract investments (domestic and foreign) and step-up growth and development. The expression "reforms" is often used. Most reforms one will cite, as work in progress, is in the domain of States, under the Seventh Schedule of the Constitution. Increasingly, States do not

> *With the emphasis on factors of production, as opposed to product markets, post-1991 reforms shifted focus to States.*

compete for investments on the basis of fiscal incentives. Fiscal incentives only matter at the margin, if everything else is constant. Primary determinants are physical infrastructure (roads, power (including tariffs)), labour markets (not only labour laws, but also availability of a skilled labour force), simplified procedures and clearances (ease of doing business) and land markets (land records, acquisition, conversion). Since 1991, it will be incorrect to suggest that all States have moved fast enough on all these. That divergence is a given. But as India grows, growth rates in fast-growing States will begin to taper off. Growth rates in slow-growing States must pick up to take up the slack. That's the reason those who use production functions to project growth in 2047, would be better off estimating production functions for individual States and then aggregate upwards. It's not done because it is tedious and time-consuming.

Time-consuming or not, the future of India's growth will be determined by States. That is a truism. In the midst of the uncertainty the world faces, and that uncertainty is considerable, we know the truism to be fact. If more and more States do more than 7 per cent, so will India. If more and more States do less than 6 per cent, so will India. Not just growth, but poverty reduction, employment generation and movement towards SDGs also depend on States.

- Bibek Debroy *is Chairman, Economic Advisory Council to Prime Minister (EAC-PM)*

7 Transforming India's School Education

- Ashish Dhawan and Shaveta Sharma-Kukreja





By 2030, India's working age population is projected to peak at 68.9 per cent[1] of the total population, the highest among major economies. This positions India as the leading global source of human resources. It is projected that ~25 per cent[2] of the additional global workforce in the coming decade will be from India.

As per the human capital approach of the World Bank, the country's workforce productivity is currently 49 per cent[3] which is low as compared to developed countries such as the US (70 per cent), UK (78 per cent) and even China (66 per cent). In order to solve this problem, the Indian government has implemented significant educational reforms that are intended to instil the greatest standards of quality, equity and integrity across the system, from early childhood care and education to higher education.

Within the next ten to twelve years, the children currently enrolled in primary school will enter the workforce. It is essential to invest in the education of the working age people now to guarantee that the greatest number of them actively and favourably contribute to the nation's economic growth and development.

The first education policy of the 21st century, National Education Policy (NEP) 2020 seeks to address the nation's numerous and expanding developmental imperatives. In order to develop a new system that is in line with the ambitious aims of 21st century education, including SDG4, while building upon India's traditions and value systems, this policy recommends the modification and revamping of all parts of the education structure, including its regulation and governance.

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[1] *UN Population Statistics 2022 ; https://www.ey.com/en_in/india-at-100*

[2] *https://www.thehindu.com/business/Economy/indias-gdp-can-grow-to-40-trillion-if-working-age-population-getsemployment-cii- report/article6528*

[3] *https://thedocs.worldbank.org/en/doc/64e578cbeaa522631f08f0cafba8960e-0140062023/related/HCI-AM23-IND.pdf*

States across the country have already made significant achievements by adopting innovative approaches to ensure that students achieve the desired learning outcomes by the time they reach Class III.

NEP 2020 envisions a new 5+3+3+4 years curriculum and pedagogical framework, catering to students in age ranges 3-8, 8-11, 11-14, and 14-18 years, respectively. This will enable students to attain strong foundational capabilities and in later years develop higher-order cognitive capabilities such as critical thinking and problem solving.

With the NEP 2020 placing highest priority on 'Foundational Literacy and Numeracy' (FLN) for all children in India, the educational landscape has seen a paradigm shift where instead of only focusing on enrolment in primary schools, it has become imperative to also provide quality foundational education. In July 2021, Government of India launched the NIPUN (National Initiative for Proficiency in Reading with Understanding and Numeracy) mission to ensure that all students acquire foundational numeracy and literacy skills by 2026-27. States across the country have already made significant achievements by adopting innovative approaches to ensure that students achieve the desired learning outcomes by the time they reach Class III. As a crucial step towards strengthening efforts for Foundational Literacy and Numeracy (FLN), the National Council of Educational Research and Training (NCERT) conducted a large-scale Foundational Learning Study (FLS) in March 2022. It provided insights into the state of foundational education in the country and helped identify gaps & formulate effective strategies to bridge these disparities. Global emphasis on FLN was also on display during India's G20 presidency, which culminated with the New Delhi Leaders' Declaration realising the importance of foundational skills as the primary building blocks of education and employment.

Given the great diversity and complexity of our country, leveraging technology emerges as the clear choice for developing and deploying innovative solutions in the field of education. The COVID-19 pandemic further reinforced the pivotal role of 'Technology-based Interventions' as student learning became a shared responsibility among teachers and parents. The adoption of technology-driven home learning programs through platforms such as WhatsApp, websites, mobile applications, television and radio during school lockdowns continues to serve as complementary resources in the post-COVID world, contributing to the evolving paradigm of 'blended learning'. Simultaneously, initiatives like PM e-VIDYA, DIKSHA and dedicated television channels provide robust support for teaching and learning, serving as invaluable pedagogical aids for educators. India's commendable progress in enhancing its digital infrastructure have earned these initiatives international acclaim, with PM

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eVIDYA securing the UNESCO's King Hamad Bin Isa Al-Khalifa Prize for the use of ICT in Education for the year 2021.

Another crucial reform for maximising learning and development for all children is the transformation of assessments. For a significant period, India's educational assessments had been primarily student-oriented, often serving as binary measures of 'pass or fail', or as tools for evaluating teachers' performance. This approach inadvertently subjected both students and educators to unwarranted stress and scrutiny. However, in recent years, India has undertaken transformative strides by embracing the practice of 'Holistic Assessments'. NEP proposes Competency-based Census Assessment (CCA) at key stages to improve the quality of education. The nation has also begun focusing on the evaluation of the educational system itself, thanks to the National Achievement Survey (NAS), State Educational Achievement Surveys (SEAS), and the Performance Assessment, Review and Analysis of Knowledge for Holistic Development (PARAKH) initiative. This shift seeks to alleviate the undue pressure on students and teachers, fostering a more comprehensive understanding of the educational landscape and its areas of improvement.

Noteworthy government schemes & initiatives such as Samagra Shiksha, PM Schools for Rising India (PM SHRI) and STARS (Strengthening Teaching-Learning and Results for States) project are being systematically implemented across the nation to elevate the quality of classroom instruction and expedite attainment of learning outcomes through enhancement of educational infrastructure, teacher training, digital pedagogy and promotion of inclusive education. This multifaceted approach signifies a pivotal shift in the education landscape which is poised to yield substantial positive outcomes in the near future.

While efforts are headed in the right direction, continued support from all stakeholders is essential to ensure the successful implementation of these reforms, making schooling a truly joyful experience. Emphasising child-centric strategies not only fosters enthusiasm for learning but also significantly influences learning outcomes, reducing the dropout rate. India's Expected Years of Schooling (EYS) which is currently at 11.1[4] years has the potential to extend to 18 years. This extension carries immense economic potential as according to the World Bank, each additional year of schooling holds the potential to increase hourly incomes by 9 per cent[5]. Furthermore, research by

> *Aligning school education with higher education institutions and industry partnerships is vital for catalysing transformative changes and ensuring that current school students become active contributors to the nation's economy, equipped with the necessary skills for a dynamic workforce.*

[4] *https://thedocs.worldbank.org/en/doc/64e578cbeaa522631f08f0cafba8960e-0140062023/related/HCI-AM23-IND.pdf*

[5] *https://www.worldbank.org/en/topic/education/overview#1*

UNICEF in 2016[6] reveals that a mere one-year increase in schooling can add up to 18 per cent to a nation's GDP per capita.

Educational disparities in India, intertwined with socio-cultural and economic inequalities, are being addressed through ongoing efforts to reform the education sector. Aligning school education with higher education institutions and industry partnerships is vital for catalysing transformative changes and ensuring that current school students become active contributors to the nation's economy, equipped with the necessary skills for a dynamic workforce.

India's educational journey stands at the cusp of an unprecedented transformation. With focused initiatives such as the NEP and NIPUN Mission, the nation is propelled towards a future where education is not only an instrument of knowledge but also an enabler of economic and social growth.

- Ashish Dhawan *is Founder-Chairperson, Central Square Foundation and* ***Shaveta Sharma-Kukreja*** *is Chief Executive Officer and Managing Director, Central Square Foundation*

[6] *https://www.unicef.org/media/49146/file/2016arr_education.pdf*

8 India as a Startup and Innovation Hub

- Suranjana Ghosh and Amit Chandra





The last decade has been a transformative period for India's startup ecosystem, marking a shift from being primarily known as an outsourcing destination to becoming a global centre for innovation and entrepreneurship. The landscape of the 90s and early 2000s was punctuated by the success stories of service-oriented tech giants like Infosys and Wipro, which has pivoted to a range of models, with the success of Oyo, Swiggy, Paytm, BookMyShow, Freshworks, MakeMyTrip, Policybazaar, Pine Labs, Delhivery, Nykaa, Flipkart and Ola.

Today, India is the world's fastest-growing major economy. With over 1 lakh registered startups in a country where job creation is imperative, the economic momentum has been materially contributed to by this segment. We know that in the US, nearly 15 per cent of all incremental jobs come from this segment, apart from the benefits to innovation, clearly highlighting this segment's significant potential and systemic importance to the nation.

India has already emerged as the 3rd largest startup ecosystem globally, home to 111 unicorns with a ~US$ 350 billion valuation. Notably, Indian startups have gone well beyond IT services. They are now unlocking significant growth opportunities by solving problems in diverse sectors across healthcare and life sciences, education, agriculture and food & beverages. Importantly, our current scale positions India as a dynamic force in the global startup arena, ready to innovate and address the challenges that lie ahead. In terms of innovation, India has been on a rising trajectory, retaining its 40th rank out of 132 economies in the Global Innovation Index (GII) 2023 rankings. Innovation is pivotal in driving the country's progress and resilience, as mentioned in the Prime Minister's inspiring call for Atma Nirbhar Bharat.

According to NITI Aayog, the consistent improvement in India's GII ranking is due to the immense knowledge capital, the work done by the public and private research organisations and a vibrant startup ecosystem.

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Building an enabling ecosystem

As India's population of digitally proficient individuals is increasing, so is the middle class, characterised by growing disposable incomes

and a desire for convenience. Consequently, the environment is becoming increasingly favourable for the products of startups in the country and the ability to create them at previously unimaginable locations. The government has materially simplified procedures, created a conducive business environment and supported significant rise in incubators, accelerators and several other innovation-focused platforms. Further, initiatives such as the Startup India programme have simplified the registration process, introduced self-certification and granted exemptions. Additionally, streamlined procurement processes, a regulatory sandbox, promotion of startup hubs and ease of doing business reforms contribute to creating a supportive environment. Efforts to strengthen intellectual property facilitation and initiatives promoting entrepreneurship underscore the government's commitment towards fostering a vibrant startup and startup accelerator culture.

It is estimated that there will be about 900 startup accelerator programmes in India by the end of 2023, up from around 585 in 2017. These accelerators support startups in various ways, foster an ecosystem that benefits the economy, encourage entrepreneurship in tier 2 and tier 3 cities and strengthen national GDP. As the startup ecosystem in India continues to mature, the growth of startup accelerators is contributing to the nation's economic success.

A good example would be the Atal Innovation Mission (AIM), a flagship initiative of NITI Aayog which set up Atal Tinkering Labs (ATLs) in schools, fostering a culture of innovation from a young age. Another initiative which has helped is Startup India which has emerged as a linchpin in the Indian startup ecosystem. It has propelled India into the global spotlight as a leading startup hub by offering a comprehensive support system, including funding, mentorship, tax benefits and access to incubation centres. Along with these public initiatives, private players also play a role in driving India's innovation landscape.

The private sector has also had a key role in building the ecosystem. For example, Hyderabad's T-Hub, a premier innovation hub, creates impact for startups, corporations and other stakeholders. We, at Marico Innovation Foundation (MIF), also have been an example of a non-profit organisation that champions innovation in the food, agri-tech and plastics waste management sectors. MIF was founded in the year 2003 by a leading Indian entrepreneur, Mr Harsh Mariwala, Chairman, Marico, to recognise disruptive Indian innovations and support their journey to scale impact through various flagship programmes. Through bespoke mentorship, MIF empowers startups and entrepreneurs in their growth journeys, enabling market access and fostering collaboration within the innovation ecosystem. MIF-mentored startups such as Atomberg and S4S Technologies are playing a crucial role in promoting positive social, economic and environmental changes; contributing to the evolution of India's modern economy. Atomberg, for instance, is changing the consumer electronics industry by offering highly energy-efficient motors, disrupting the conventional induction motor market. Similarly, S4S Technologies is transforming the food processing sector through its comprehensive platform, connecting farmers directly to food manufacturers, thereby reducing food losses, empowering women farmers and mitigating carbon emissions.

Fuel for the growth engine

The digital revolution of recent years has significantly impacted the accessibility of financial services. India's startup funding environment is dynamic and diverse, with various funding sources,

including angel investors, venture capitalists, crowdsourcing and government initiatives. In 2022 alone, the Indian startup ecosystem received almost US$ 25 billion in funding and segments such as D2C, clean mobility, health-tech, agri-tech and deep tech are expected to attract significant investment. While we find ourselves in the middle of a funding winter, we believe this to be a temporary phase driven by a confluence of global conditions and the need to mature our startup universe.

Governments and regulatory bodies have also collaborated to create an open finance ecosystem that benefits startups. The Department for Promotion of Industry and Internal Trade (DPIIT) has launched the Credit Guarantee Scheme for Startups (CGSS), which provides credit guarantees for loans from Scheduled Commercial Banks, Non-Banking Financial Companies and Alternative Investment Funds (AIFs). These regulations ensure transparency and integrity while promoting financial inclusion.

The glass is quarter-full

As India propels itself towards becoming a key player in the global economy, there is a growing acknowledgement of the critical importance of sustainability, technological innovation and promoting collaboration between the public and private sectors. Yet, beneath the visible advancements, an immense reservoir of untapped potential and opportunities exists for India to make significant leaps forward, particularly in historically underserved sectors such as agriculture, plastic & waste management and renewable energy.

India has witnessed significant progress in renewable energy, exemplified by the Union Budget 2022-23, allocating INR 19,500 crore for a Production-Linked Incentive (PLI) scheme. Private investments in the renewable energy sector surged by US$18.8 billion in 2021, a 40 per cent increase since 2020. Despite this, a substantial gap remains, particularly in areas like the Northeast, emphasising the need for technology and investment in infrastructure development, such as battery charging stations and high-volume storage facilities, to extend the reach of renewable energy, reducing reliance on conventional sources.

Take water scarcity - a critical issue impacting millions, where initiatives like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and innovations by Uravu Labs and Indra Water contribute to conservation and quality improvement. Leveraging technological advancements to optimise water usage and promote sustainable practices is crucial, addressing scarcity and fostering innovative solutions in underserved areas.

Waste management, particularly in urban areas, presents a dual challenge, with a significant

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portion of the 3.6 lakh million tonnes of annual waste being untreated. Companies like Wastelink and Ricron Panels are leading the way in transforming waste into resources, emphasising the need for a paradigm shift towards innovative waste management solutions, community engagement and economic growth in underserved communities.

Smallholder farmers, comprising over 80 per cent of the agricultural workforce, face challenges in credit access, technology adoption and market linkages in the agriculture sector. Initiatives like Farm Credit Schemes and partnerships between agri-tech companies and fintech firms, such as Fasal, address these challenges by providing farmers with easy access to capital through quick, easy and collateral-free loans at competitive rates. Sustainable agricultural practices, including organic farming and climate-resilient solutions like Kheyti's "Greenhouse-in-a-Box," ensure long-term environmental and economic sustainability for small farmers.

Innovating the future

In the last decade, many Indian startups and established entities have successfully penetrated the global market with their products and services. They have succeeded by providing innovative solutions to existing gaps while maintaining a commitment to high-quality products and services. Service-oriented startups such as Zomato are now expanding internationally, having perfected their offerings through iterative processes with Indian user segments.

Research shows that 40 per cent of Indian startups that received seed funding rounds between US$ 500,000 and US$ 5 million in 2022 are building for global markets. In fact, over 50 per cent of new startups launched in India are likely to be global from day one, according to a well-known founder investor.

A prime example of this global trajectory is ideaForge Technology Ltd., a prominent drone manufacturing company. Beyond the domestic market, ideaForge has strategically expanded internationally through a reseller partner network in North America. Similarly, Bangalore-based Dozee's contactless health monitoring system was crucial during the pandemic and proceeds from its latest funding round will be used to begin the company's global expansion. Such developments underscore Indian startups' commitment to global growth and innovation.

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Over the past few years, investments in India's startup ecosystem have skyrocketed to an impressive US$ 7.4 billion, with projections suggesting a potential contribution of ~4 per cent to the country's GDP over the next

three to five years. Notably, many of our disruptive innovations and companies of the future will emerge from this segment, just as they have in the West. This makes it imperative for us to ensure a vibrant ecosystem exists for them to thrive in.

As we gaze into the future, a compelling narrative unfolds for sustainability startups and accelerators geared to address both local and global challenges. Noteworthy amongst these is India's burgeoning ecosystem, comprising 2,260 climate tech companies, solidifying its position as the world's third-largest hub for combating climate change. Promising opportunities lie in renewable energy, electric vehicles, battery storage, green consumer products, green construction materials, recycling and waste management, low-carbon agriculture, green hydrogen and more.

The strong tailwinds in this sector are palpable, driven by the collective commitment of governments and companies globally to achieve net-zero goals, necessitating innovative solutions to decarbonise every facet of the national and global economy. This compelling trajectory is further fortified by a holistic approach, marked by increased employment opportunities, a culture of innovation, a favourable ease of doing business and a dedicated focus on upskilling. The success stories of Indian innovations, prominently showcased in both the technology and business sectors, underscored by a robust startup ecosystem, will play a pivotal role in shaping the future of global innovation and economic prosperity. These narratives will echo beyond national borders, contributing to India's ascent as a beacon of innovation and a catalyst for global economic advancement.

- Suranjana Ghosh *is Head, Marico Innovation Foundation and*
Amit Chandra *is Chairperson, Bain Capital Advisors (India) Pvt. Ltd. &*
Honorary Chairperson - Governing Council, Marico Innovation Foundation

9 Trade as an Enabler for Growth: Strategic approach for FTAs

- R V Kanoria



"Trade is the natural enemy of all violent passions. Trade loves moderation, delights in compromise, and is the most careful to avoid anger. It is patient, supple, and insinuating, only resorting to extreme measures in cases of absolute necessity. Trade makes men independent of one another and gives them a high idea of their personal importance; it leads them to want to manage their own affairs and teaches them to succeed therein. Hence it makes them inclined to liberty but disinclined to revolution".

Alexis de Tocqueville (1805-1859)

International trade is an enabler of economic growth and countries that actively participate in international trade see tangible gains in their GDP growth. The challenging economic environment, however, over the last few years has altered the dynamics of globalisation. Liberalisation efforts have taken a back seat with protectionism and economic nationalism on the rise.

"Free trade consists simply in letting people buy and sell as they want to buy and sell. It is protection that requires force, for it consists in preventing people from doing what they want to do".

Henry George (1839-1897)

No economy can sustain high growth without integrating with Global Value Chains (GVCs). More than 70 per cent of global trade happens through GVCs. It is estimated that if a country increases its participation in global value chains by 10 per cent, its per capita income increases by up to 14 per cent. Integrating deeply with GVCs is directly proportional to higher economic growth.

India has been a beneficiary of globalisation but our achievements are way below our potential. To sustain high economic growth in coming decades, India would need to significantly expand its share in global trade (which has stagnated around 1.7 - 1.8 per cent for several years) by deepening its engagement with the GVCs. Accelerating trade policy reforms and above all improving industrial competitiveness are, therefore, critical.

"Protective tariffs are as much applications of force as are blockading squadrons; their object is the same - to prevent trade. The difference between the two is that blockading squadrons are a means whereby nations seek to prevent their enemies from trade; protective tariffs are a means whereby nations attempt to prevent their own people from trade. What protection teaches us, is to do to ourselves in time of peace what enemies seek to do to us in time of war".

Henry George (1839-1897)

India must also not fall prey to protectionism, as protectionism breeds complacency and has an

impact on long term competitiveness. Jagdish Bhagwati, a well-known economist, has long back warned against the misconception that 'trade is good but imports are bad'. No sector can be export competitive unless it is import competitive. To export more, we also need to import more. In today's reality, where nationalism and protectionism are challenging the concept of globalisation and multilateralism, market access can be garnered only through greater participation in mutual trade agreements, both bilateral and plurilateral. Not that FTAs are going to be a panacea for trade but contemporary trade agreements do go beyond tariffs and market access and serve as tools for fostering and bringing in investments and technologies in partner countries. India's latest approach towards FTAs recognises this reality. The recent trade agreements with the UAE and Australia reflect India's growing interest in utilising FTAs as a key lever of its trade policy.

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Going forward, India needs to adopt a strategic approach in its global economic engagement. Selection of appropriate trade partners for FTAs is extremely important. The FTAs must be conceived carefully, based on long term perspective, rather than immediate short-term gain. We must enter FTAs with countries where our relative competitiveness is higher and with economies that are market economies where costs are not distorted. India also needs to leverage opportunities through friend shoring. The ongoing FTA negotiations with the UK and the EU are apt in this context.

There is, however, a need to go beyond and engage more deeply in regional trade agreements. While India is a part of the 14 countries' group of Indo-Pacific Economic Framework (IPEF), it is yet to join the fourth pillar on trade. This, I can well understand, is due to concerns on commitments related to environment and labour under this pillar. Other advanced markets like the EU are also aggressively pursuing inclusion of social and environmental issues within the ambit of FTAs. India must continue to tread cautiously on these, and not fall prey to onshoring strategies by developed countries under the guise of such issues.

India is also not a member of the other mega regional trading arrangement, namely the Regional Comprehensive Economic Partnership (RCEP). The government may like to reconsider its engagement with the RCEP, while ensuring that national interest is not compromised. RCEP should rather be viewed from the long-term perspective of deeper economic engagement with the Asian countries.

India must also review the FTAs signed in the past with the ASEAN and other Asian countries. India had not been able to leverage them due to restricted market access primarily due to non-tariff barriers. The earlier FTAs have also had a damaging impact on domestic industry. While tariff

liberalisation was desired, it is the absence of adequate safeguards and not enough focus on the inherent competitiveness of domestic industry that yielded negative results.

Free Trade Agreements with partner countries must be guided by the principles of being balanced, fair and beneficial to all parties involved. Real market access will come not only from tariff reduction but also by bringing down non-tariff barriers (NTBs).

In this context, India must upgrade its standards to international standards. More importantly, India should play an active role in global standards setting. It must also ensure that those NTBs that can be anticipated are adequately addressed within the FTA itself.

Free Trade Agreements with partner countries must be guided by the principles of being balanced, fair and beneficial to all parties involved. Real market access will come not only from tariff reduction but also by bringing down non-tariff barriers (NTBs).

Above all it is imperative to strengthen the multilateral trading system of the WTO. The Appellate Body, which is the dispute settlement arm of the WTO, has been defunct for almost four years. Reviving the Appellate Body should be a priority in the upcoming WTO Ministerial in February 2024. Only a fully functional appellate body will make FTAs more effective.

Free Trade Agreements will yield benefits only if they are well utilised. It has been observed that India has not been able to fully utilise these benefits. While non-tariff barriers in partner countries is one of the reasons, another key reason is lack of education and awareness on the subject, particularly for MSMEs. Small enterprises are mostly unaware of the potential benefits, and also lack understanding of complex rules of origin as well as other technical provisions in these agreements. There is a need to undertake comprehensive outreach and awareness programs for MSMEs in this domain.

Trade policy cannot be looked at without ensuring domestic competitiveness. It is important to sort out the fundamentals of Cost of Doing Business if we are to integrate deeply with the Global Value Chains and leverage Free Trade Agreements to our advantage. Advocating Zero for Zero under FTAs will yield positive outcomes only when combined with factor market competitiveness. Without getting into details, I am firmly of the opinion that there is a need for strategic reforms in areas related to land, labour, energy and capital for improving our manufacturing competitiveness. These may be politically difficult terrains to cross but are a necessity for securing India's long-term goals.

- R V Kanoria *is Past President, FICCI and Chairman and Managing Director, Kanoria Chemicals & Industries Ltd.*

10 India's Rise in the World Economy

- Amitabh Kant



India's rise and standing in the world economy is best illustrated by the state of India's economy relative to the world. In the aftermath of the Global Financial Crisis, India had managed to avert the worst. The fiscal expansion, that had propped up the economy, also fuelled inflation. With the fiscal spark running out, and inflation gaining momentum, India's macroeconomic fundamentals were shaky, at best. We were not well placed to absorb any further external shocks. Oil prices continued to climb, putting pressure on the twin fiscal and current account deficits. Indication by the US Federal Reserve that they would curtail bond buying, led to the taper tantrum. Capital flowed out of India, depreciating the Rupee, and with rising oil prices, inflation continued to climb. Our forex reserves depleted. And soon, India was seen as part of the 'Fragile Five', a term for countries with precarious macroeconomic fundamentals.

Now, compare this to the state of the Indian economy post covid. A stringent lockdown saw growth plummet in 2020. A strong rebound has been seen, which has sustained itself. India remains the fastest growing large economy, as per IMF projections. While a fiscal stimulus helped prop up the economy, it took the form of capital expenditure, or investments in infrastructure. Compared to ten years ago, capital expenditures have nearly doubled as a percentage of GDP. We also took this time to introduce economic reforms in areas such as labour and minerals. Production linked incentive (PLI) schemes were introduced in labour-intensive and sunrise sectors of growth. An overarching infrastructure masterplan, PM Gati Shakti, was introduced to guide the development of India's infrastructure. Along with the reforms of the earlier years, such as GST, IBC, RERA, reduction in corporate taxes and removal of retrospective tax amongst others, India was well-placed to take advantage of the disruption in global value chains (GVCs).

In just ten years, India has gone from being part of the 'Fragile Five' to a 'bright spot' in the global economy. And this mantle is one India is expected to hold for the decades to come. However, this will only be possible through sustained economic growth. While India is already the fifth largest economy in the world, and expected to become the third largest by 2030, we must also see where our per-capita incomes will be. At present, India is classified as a lower-middle income country, with a per-

In just ten years, India has gone from being part of the 'Fragile Five' to a 'bright spot' in the global economy. And this mantle is one India is expected to hold for the decades to come.

capita income of US$ 2,085 in constant US Dollars (US$). We are at half the income of the lowest upper-middle income (UMI) country, and at 1/6th (16 per cent) the income of the lower high income (HI) country. Our aspiration to become a high-income country will only be met through sustained economic growth. An average growth rate of 8 per cent plus over the next three decades has the potential to transform the face of India's economy. Perhaps, more importantly, these growth rates will see real per-capita incomes rise from US$ 2,085 in 2022 to ~ US$ 15,000 - 25,000 by 2050 (constant US$).

The development experience of countries in Asia shows that investments in health, education, nutrition, and skill development are just as necessary as economic reforms, investments in physical and digital infrastructure.

For a high growth trajectory, raising our investment rates will be crucial. At present (FY23), our investment/GDP ratio stands at 29 per cent of GDP. Investment rates need to rise to between 32-35 per cent of GDP and sustain growth rates of 8 per cent plus levels for years. Boosting investor confidence is key to facilitating investments. It is also about the business environment, state of infrastructure and economic reforms. The reforms carried out in the past decade have been crucial in reviving private enterprise sentiment and investment in India. India has all the right ingredients to succeed as a manufacturing and export powerhouse. We have investments worth US$ 1.6 trillion (INR 100 lakh crores) planned to redefine India's infrastructure landscape, creating a world-class multi-modal logistics network, moving people and goods. Encouraging private management and operation of our infrastructure assets, we have also created an asset monetisation pipeline. India is positioning itself to be an integral part of GVCs, through encouraging size and scale in manufacturing, investing in physical infrastructure and easing the regulatory environment.

We are the youngest country in the world, with an average age of just 29. The share of our working population, as a per cent of total population is yet to peak. This is a huge source of competitive advantage for us. The development experience of countries in Asia shows that investments in health, education, nutrition and skill development are just as necessary as economic reforms, investments in physical and digital infrastructure. If India is to grow, it will not happen without improving our social indicators. Newer models of work, such as the gig and platform economy must also be embraced through an enabling policy environment, such as social security. We need to step up efforts in increasing India's female labour force participation. India's rich demographic dividend must be leveraged to make sure India gets rich before it gets old. However, with economic reforms, a thrust towards entrepreneurship, innovation, and startups, India's youth will lead us into an era of prosperity.

I am a firm believer in the power of technology to solve the world's most pressing issues. We have many pertinent examples from India. India Stack, with its APIs such as Aadhaar Authentication, eKYC, eSign, UPI has allowed Governments, businesses, startups & developers to utilize the digital public infrastructure (DPI) to offer varied financial services, starting from payments and

now evolving to digital lending and insurance. The next generation technologies, commonly known as deep tech, all are based on a digital backbone. Quantum computing, advanced manufacturing, robotics, remote sensing, AI-ML, biotech and genomics, semiconductors, AR-VR, Web 3.0 and advance cell chemistry, are just some examples. These new technological avenues must be explored to build India's competitiveness. We must strive to get into these sunrise sectors of growth. We are well-poised to capitalise on this global shift. Our start-up ecosystem is the 3rd largest in the world and amongst the most dynamic. We are home to close to 100,000 recognised startups and 108 unicorns. However, for India to emerge as a technological leader, investments in R&D must increase. For instance, India's R&D expenditure (as a per cent of GDP), stood at 0.6 per cent. In contrast, South Korea's R&D expenditure stood at 4.5 per cent of GDP and China's 2.1 per cent of GDP. Most of India's R&D expenditure comes from the public sector. If India's private sector does not start investing in commercial R&D, we will not achieve competitiveness in global markets.

Despite being a fast-growing nation with enormous energy appetite India has demonstrated its unwavering commitment towards mitigating climate change.

When the present developed world and Asian countries underwent their transitions, carbon emissions grew exponentially. However, now India must come up with a growth model that does not exploit the environment. Despite being a fast-growing nation with enormous energy appetite India has demonstrated its unwavering commitment towards mitigating climate change. We achieved our first NDC nine years ahead of schedule. We aim to make India a global Green Hydrogen hub, decarbonising hard-to-abate sectors. We must invest in R&D in clean technologies such as ACC batteries, next-gen solar panels, electrolysers and green steel, amongst others. We must industrialise without the need to 'carbonise'. This is certainly a challenge, but also an opportunity.

Our position as the fastest growing large economy is no accident. Our track record of economic reforms, investments in physical, digital, and social infrastructure, and cultivating a culture of innovation and entrepreneurship, and a sound decarbonisation strategy have made India a bright spot in the global economy.

***- Amitabh Kant** is G20 Sherpa, Government of India*

11 India as a Global Healthcare Superpower

- Habil Khorakiwala



In the 5th century, Aryabhatta a mathematician and astronomer introduced "zero" in the decimal number system. Zoom forward to the 21st century, India, the world's largest democracy has been globally recognized as a force to beckon with in many spheres - especially information technology.

The Indian pharmaceutical industry however, with an equal or perhaps a bigger contribution to the global arena has been largely unrecognized relative to its peers in the IT industry. The Indian pharmaceuticals and healthcare industry at large has played a pivotal role in many areas to alleviate unmet needs.

In 2001, when about 25 million Africans were infected by AIDS virus and infection rates were as high as a staggering 36 per cent, it was Indian companies that offered to supply triple-therapy drug cocktails starting at US$ 350 a year to patients or roughly US$ 1 a day, when the typical cost of cocktail therapy in Senegal was US$ 1,000 per year[1]. Access to affordable therapy has significantly contributed to the decline in AIDS related deaths by around 55 per cent and new HIV infections have reduced by 44 per cent[2]. Today, India continues to be a major supplier for AIDS medication across the globe - nearly 2/3rd of world's anti-retroviral drugs are supplied by Indian companies and continues to play a significant role in the global fight against AIDS by helping scale up access to treatment across developing countries[3].

Indian companies again stepped up to challenge of providing solutions to the globe when the Coronavirus pandemic hit populations across the globe. India was one of the few emerging market countries that supplied more than 2 billion doses of locally made low-cost COVID-19 vaccines to the Government of India for the Indian population. Indian vaccine manufacturers supplied more than 282 million COVID-19 vaccine doses to 101 countries under an exclusive initiative titled "Vaccine Maitri" undertaken by the Government of India to supply "Made-in-India" vaccines[4]. Apart from the COVID-19 vaccine, India continues to be a world leader in supplying vaccines like DPT, BCG and Measles and around 60 per cent of World Health Organization (WHO) vaccine requirements are sourced from India[5].

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[1] *New York Times article "Indian Company Offers to Supply AIDS Drugs at Low Cost in Africa" by Donald G. McNeil Jr., published on February 7, 2001*

[2] *Message of the WHO Regional Director for Africa, Dr Matshidiso Moeti published on December 1, 2022 on occasion of World AIDS Day 2022*

[3] *Business Standard article " Two-thirds of world's AIDS treatment drugs supplied by India" published on June 04, 2019*

[4] *Mint article " India helped over 150 nations in form of Covid vaccines: Rajya Sabha Dy chairman" published on January 04, 2023*

[5] *Press Information Bureau report released on May 1, 2022 by Ministry of Commerce and Industry, Government of India*

In generic medicine, India is often referred to as the pharmacy of the world, ranking 3rd in terms of worldwide volume production. A ready and trained human capital, robust infrastructure, manufacturing excellence, cost-competitiveness and focus on no-compromise quality medicines have aided this pharmaceutical success story. This is reflected by India having the largest number of US FDA approved manufacturing plants outside US. Majority of our exports (~55 per cent) cater to the highly regulated market like the US, UK, EU. This has enabled Indian companies to gain a sizeable share of prescription market in US & EU.[4]

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India has also emerged as a major hub of medical tourism and is now considered among the top 6 medical value travel destinations in the world. Our medical knowledge, top-class medical doctors with extensive experience and premier hospital institutes have been major enabler to achieve this distinction. Hip and knee replacement surgeries, ophthalmic procedures, cardiac surgeries, bone marrow transplants, neurosurgery are some of the high-end procedures preferred by medical tourists in India[6]. Based on data provided by Ministry of Tourism, foreign tourists arrivals for medical purposes have been steadily growing from 495,000 in 2017 to 697,000 in 2019 [7].

The intersection of our cost competitiveness and the various factors associated with India like ready human capital, manufacturing excellence and robust infrastructure allows us an enormous opportunity for tapping the potential of affordable healthcare which is outcome driven without compromising on quality.

There have been significant strides made in the pharmaceuticals as well as healthcare sector. However, if India has to move the value chain, investments in research and development are critical. The pharmaceutical sector has emerged as one of the top ten attractive sectors for Foreign Direct Investments (FDI) in India. The sector has attracted FDI inflows of INR 5,453 crores in FY23 (up to September 22)[8] .

However, R&D investments by Indian pharma companies is approximately 7 per cent of net sales, compared to the 15-20 per cent spent by global companies[9] and is heavily inclined towards technology development. Innovation is the key for Indian companies to move up the value chain by offering novel affordable, quality-assured medicines for addressing the unmet needs of patients across the globe. Innovation accounts for two-thirds of the global value pool and Indian companies need to foray into biologics, new chemical entities development and emerging research areas like regenerative medicine.

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[6] *Hindustan Times article "Medical Tourism in India: Top destinations, scenarios and all you need to know" published on December 03, 2022*

[7] *Business Today article "Revival of medical tourism boosts India's hospital industry: ICRA" published on August 17, 2023*

[8] *Annual Report 2022-23 published by Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India*

[9] *Article by Sudarshan Jain, Secretary General, Indian Pharmaceutical Alliance "Thrust on Innovation & R&D fundamental for Indian Pharma's Growth" in BioSpectrum published on May 01, 2023.*

While conventional medicinal therapy is well known, regenerative medicines is currently valued upwards of US$ 50 billion and is expected to grow at CAGR of around 20 per cent to reach more than US$ 300 billion by 2030[10].

Government of India has recently announced significant incentives for aiding the pharmaceuticals industry to make a shift from cost based to value-based and innovation-based industry. This scheme with an outlay of INR 5,000 crores is designed to promote R&D in the pharmaceuticals and medical technology sectors.

> *Innovation accounts for two-thirds of the global value pool and Indian companies need to foray into biologics, new chemical entities development and emerging research areas like regenerative medicine.*

This includes a program to fund more than INR 1,100 crores in 9 pharma companies for research in six priority areas. In addition, the scheme entails spending INR 3,000 crores to commercialize 30 R&D products [11].

However, this isn't the only innovation that is needed. Indian drug regulators are currently not fully equipped for new innovation research in their approach and people infrastructure. They should be further enhanced for science oriented smart regulation. For example, regulations followed by Japan & Australia allow for regenerative medicine innovation, which while being faster do not sacrifice science-based outcomes.

As Indian companies foray into innovation, there is an urgent need to strengthen and develop smart regulatory models for faster approvals without compromising on quality of outcomes.

Indian companies also need to look beyond the developed markets. With increasing prosperity, improving life expectancy and increase in urbanization leading to lifestyle disorders in emerging markets, Indian companies stand to gain significantly in these currently under penetrated markets which are estimated to be about 21-22 per cent of pharmaceuticals market, making it an approximately US$ 300 billion opportunity per year [12].

Additionally, India can be in the forefront of providing medicine and healthcare to various Emerging Markets in Africa and Asia, which will save millions of lives and improve quality of life of vast majority of people. This is India's moment and we should capture this opportunity with both hands.

To quote Mahatma Gandhi "The future depends on what we do in the present".

The time to take a leap of faith is NOW.

***- Habil Khorakiwala** is Past President, FICCI and Chairman, Wockhardt*

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[10] Report by Global Market Insights on Regenerative Medicine Market published on September 2023.

[11] Press release by Ministry of Chemicals and Fertilizers, Government of India- "Dr Mansukh Mandaviya launches National Policy on Research and Development and Innovation in Pharma-MedTech Sector in India and Scheme for promotion of Research and Innovation in Pharma MedTech Sector (PRIP)" on September 26, 2023

*[12] Report by the European Federation of Pharmaceutical Industries and Associations titled "The Pharmaceutical Industry in Figures, Key data * 2022"*

12 India's Growing Consumer Economy

- Sanjiv Mehta



The largest component of India's GDP is private consumption constituting about 57 per cent of the total GDP. The IMF has in its recent World Economic Outlook report said that India will remain the fastest growing major economy in 2023 and 2024. There is unprecedented interest in the India story amongst global investors and the businesspeople.

From an economy where the coffers were empty when India gained its Independence 76 years ago, the pace of growth has accelerated since the country embarked on its reforms and opened the economy in early nineties. In another few years India is slated to become the third largest economy after the US and China. The growth of consumption will not only propel India's economic growth but will also be an important barometer of India's success. At a very simple macro level, consumption will be driven by 'more money in the hands of more people' also referred to as inclusive growth. In a 1.4 billion people country the runway or the headroom to grow is massive from a relatively low per capita consumption base. As an example, the per capita consumption of FMCG products in India is just about US$ 50 whereas Indonesia is nearly 2X India and China is 3X India.

There are several factors which are contributing to and will aid India's consumption boom. Most important is the fact that consumption is inextricably linked to India's economic growth. As India's economy becomes bigger, the impact of compounding and the consequential multiplier effect will become greater. If India's economy keeps growing at approx. 7 per cent per annum, the per capita income in India will increase by a massive 6 folds in the next 25 years. India's demography will continue to be an asset for years to come. We have a young, aspiring population and in a few years, one in five working age population in the world will be an Indian. There is very clear evidence that urbanisation and a shift towards nuclear families gives a fillip to consumption. This will remain a secular trend in India. I am though acutely conscious that favourable demographics is a necessary condition for growth and not a sufficient condition.

Having been a CEO of consumer businesses in different parts of the world for over two decades, this has enabled me to codify what it takes to build great growing companies. I am going to use this analogy and articulate reasons / enablers for India's consumption story.

a) Growth Mindset: The growth mindset in the country is manifesting in many ways. Most important, is the self-belief in the country

> *The growth of consumption will not only propel India's economic growth but will also be an important barometer of India's success.*

that our destiny awaits us. We have started to dream big, think big and act big. The chasm between government / bureaucrats on one side and the wealth creators on the other side is giving way to the belief that we are part of the same team. There is a growing realisation that the fourth industrial revolution will play to India's strengths. Not surprisingly, India now has the third largest startup ecosystem in the world driven by data and technology.

The growth mindset in the country is manifesting in many ways. Most important, is the self-belief in the country that our destiny awaits us. We have started to dream big, think big and act big.

India's economic growth is impacting the quality of life in the country. The global multi-dimensional poverty index has shown a remarkable drop for our country in recent years. Over 400 million Indians have moved up from the bottom of pyramid to lower middle class in the last 15 years. There has been significant and noteworthy movement in the right direction when one looks at multi-dimensional poverty from the lens of malnutrition, child mortality, absence of cooking fuel, lack of sanitation / drinking water / electricity. This in turn has a positive impact on consumption. Just as a small example, sales of dish washing products has seen exceptional growth because millions of people have been provided with cooking gas and therefore the use of proxy products like ash for cleaning utensils used in cooking food on 'wood & fire' has come down exponentially.

b) Building distinctive capabilities: Treating data as a national asset as opposed to the walled gardens of the west and building the Digital Public Infrastructure has provided the country with unique capabilities. The identity layer, the payments layer and the data layer coupled with low cost of data and rising penetration of low-cost smartphones is spawning new generation businesses, reducing the cost of doing business in India and dramatically improving governance standards in the country. The pace of financial inclusion has been phenomenal. India can rightly be called the digital payments capital of the world. These steps have also enabled the country to provide direct benefits to sections of the country who need to be supported and this was most visible during the COVID period. Not surprisingly, demand for FMCG products in rural areas even during COVID remained resilient. These capabilities are also enabling financialization of assets where the penetration hitherto was very low.

A large section of India's consumers as well as MSMEs continue to face issues with access to affordable finance. Another big revolution that the digital infrastructure will enable is the credit revolution. India is under indexed when it comes to private debt when compared to most nations. The boom in credit will be a big enabler of consumption in the country. The other big shift happening in the country is building of physical infrastructure be it roads, highways, metros, ports, airports etc. The Gati Shakti portal has projects exceeding US$ 1 trillion. This should enable India to reduce the cost of logistics in the country. There is clear evidence that construction of a metalled road linking a village to a nearby town/city results in a dramatic

increase in the growth rates of FMCG products in that village implying thereby increase in the income of the people residing in the villages.

c) High performance Anatomy: There is a competitive spirit amongst different states in the country to attract investors. The taxation reforms whether it is introduction of 'one nation one tax' called GST or reduction in corporate tax rates has made the nation much more competitive when compared to its peer set. Introduction of PLI scheme is enabling bringing in scale to compete in manufacturing. A few years back we were facing the twin balance sheet problem of highly leveraged corporate balance sheets and high degree of NPAs in banks balance sheets. This has since been corrected with banks being re-capitalized and corporates de-leveraging. While there is still a way to go, but there has been huge focus in recent years in improving the ease of setting businesses and running businesses. Government's prowess of execution has gone up several folds. Taxation reforms coupled with use of data and technology is plugging holes thereby increasing the collection of taxes at a rate much higher than the nominal rate of growth of the economy.

There is clear evidence that construction of a metalled road linking a village to a nearby town/city results in a dramatic increase in the growth rates of FMCG products in that village implying thereby increase in the income of the people residing in the villages.

We do have our share of challenges including the need for reforms in agricultural sector, creating nearly a million livelihood opportunities a month, and moving up the innovation value chain. However, we need to look at these as opportunities waiting for us to be harnessed. There is more going for India than ever before. I am very confident that India will play a big role in driving future global growth and be the consumption growth story of the world this decade and beyond.

***- Sanjiv Mehta** is Immediate Past President, FICCI and Former Chairman / CEO, Hindustan Unilever Ltd.*

13 Digital Public Infrastructure for Global Good

- Rajan Bharti Mittal



With a population as large and diverse as that of India, each region of the country presents its own unique set of strengths and challenges. For decades, digital connectivity was the mainstay of advanced, urban pockets, whereas, schemes targeting the rural communities saw insufficient implementation in terms of impact and heavy remittance leakages.

In the year 2015, Shri Narendra Modi, Hon'ble Prime Minister of India, launched Digital India - a clarion call to accelerate broadband connectivity in the country and as such make the Government of India's services available to the citizenry electronically. The development and adoption of India's Digital Public Infrastructure (DPI) is a beacon of the success of this initiative.

In the days leading up to the G20 Summit in New Delhi, news outlets and social media channels ran footage of the German Minister for Digital & Transport, showcasing his seamless experience in using India's United Payments Interface (UPI) to pay a vegetable vendor in Bengaluru. While UPI transactions have become a norm across income groups, vocations and regions in India, the phenomenon is a subject of global applause and fascination - rightfully so. In October this year alone, UPI transactions crossed 11 billion in volume and INR 17,000 bn in value.

The UPI is just one example of the open interface that has been developed by the Government of India under its DPI. In its totality, the India Stack of interfaces cuts across sectors ranging from education and healthcare to e-commerce and financial inclusion. The World Bank recently declared that the DPI has been a catalyst in spurring India to achieve milestones in such sectors in just 6 years - milestones that would otherwise have taken about 5 decades.

These successes have been a direct culmination of a whole-of-society approach to evangelizing DPI. The Government's development of the platform to begin with, resting upon the foundation of telecommunications and the uptake by entrepreneurs and large businesses alike to develop products and solutions made the DPI not only workable but also immensely scalable. The Jan Dhan, Aadhaar, Mobile (JAM) trinity has been a towering success, especially

The Government's development of the platform to begin with, resting upon the foundation of telecommunications and the uptake by entrepreneurs and large businesses alike to develop products and solutions made the DPI not only workable but also immensely scalable.

when one takes into account that ~56 per cent of the total Jan Dhan accounts are held by women.

As a telecommunications service provider, I got to see first-hand, how the investments into the DPI that began more than a decade ago with the Aadhaar, contained the debilitating impact that the COVID pandemic could have had on education, communication and to a great extent, economic activity. What it also reflected was that sectors of the economy such as SMEs, informal labour and cottage industries needed to be brought into the fold of the mainstream digital economy, to further contain the catastrophic effects of such contingencies. India's Open Network for Digital Commerce is a bold and sensitive step in the right direction towards this necessity.

> *India's successful DPI has shown the world that early investments in digital public goods such as Aadhaar or digital identities will have use-cases for inclusion and risk mitigation even decades later.*

While India's experience with the DPI has been a resounding success, when speaking of DPI for global good, it is important to turn to other countries that have taken to upgrading and modernizing their public infrastructure. Brazil has developed a robust and flexible DPI that proved to be a prescient investment given that the Government was able to disburse cash assistance to 60 million+ beneficiaries in under a week during the COVID crisis; their digital ID platform today allows more than 150 million citizens to access 5,000 different Government services. In Togo, the digital public payments platform was put to use to issue payments amounting to US$ 34 mn to 25 per cent of all Togolese adults.

These impressive numbers imply that the benefits of investing in a DPI cannot be over-exaggerated. DPIs offer an interoperable stack that can be applied across sectors to enhance transparency, inclusion, access to government services and overall increased citizen engagement with their governments. In that, the data denotes the steadily rising levels of trust between users, citizens and the Government. Given this, other regions of the world such as Bangladesh, Moldova, Norway and others have joined the 50-in-5 campaign, led by the UNDP, UNICEF, the Bill & Melinda Gates Foundation and other multilateral bodies to design, launch & scale components of their digital infrastructure for 50 countries by 2028.

The approach is based on a cooperative, co-development model to further sustainability through digital public goods. Countries like Norway with their technological prowess could be supported by nations like India who have shown their propensity to apply technology at scale and proliferate adoption. For DPIs to truly materialize their potential as a digital asset for the global good, due attention must be paid to applying the infrastructure to disaster management communications, sustainability and climate change while continuing the good work on account of equity in healthcare, education, gender and credit access.

Equally, we must shape the future of DPI with careful consideration to strengthening its integral consent-based data sharing mechanism. Robust cybersecurity to counter risk of data leaks and questions of ethics relating to exclusion of those without digital access or skills need to be taken into

account. As a corollary to these requirements, a highly engaged industry-government-academia-civil society approach will tremendously help develop secure systems and also enable digital literacy among the masses.

DPIs, to a large extent, have motivated digital adoption and uptake - particularly in countries like India. India's successful DPI has shown the world that early investments in digital public goods such as Aadhaar or digital identities will have use-cases for inclusion and risk mitigation even decades later. The DPI in the country represents a frugal, viable model whose triumphs can be studied by other countries and indeed exported to regions across the world. As we work towards connecting the unconnected, it will be exciting to see the trajectories of collaborations between countries in developing such cost-effective, interoperable and innovative DPIs.

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14 Transforming Indian Cities for a Developed Future

- Harshavardhan Neotia



India's meteoric ascent on the global stage is poised to rewrite the narrative of urban expansion and economic development. A recent report by Oxford Economics prophesies that Indian cities will reign supreme in the roster of swiftest-growing metropolises worldwide, with a staggering 17 out of the top 20 hailing from the Indian subcontinent. Cities such as Bengaluru, Hyderabad and Chennai stand ready to spearhead this charge, thereby underscoring India's burgeoning global significance and auguring a future teeming with limitless potential.

The country's urbanization rate stands as a dynamic force propelling this transformation. Official statistics peg urbanization at 32 per cent, yet discerning experts posit that the actual figure may inch closer to the 40 per cent mark. The migration of unskilled laborers to urban centers, compounded by infrastructural challenges, has precipitated the proliferation of informal settlements and slums.

Significant investments in infrastructure projects - be it transport, housing and utilities - form the cornerstone of India's urban metamorphosis propelling cities towards becoming epicenters of economic activity. Projects like the Delhi-Mumbai Industrial Corridor (DMIC), spanning across six states, are poised to create globally competitive manufacturing and investment destinations. By developing cutting-edge industrial zones, transportation hubs and logistical corridors, DMIC is set to herald a revolution in the economic landscape of these regions.

Additionally, the destiny of India's urban landscape is intricately interwoven with technological progress. The fusion of the Internet of Things (IoT), Artificial Intelligence (AI) and data analytics is reshaping urban existence. A quintessential example is the city of Hyderabad, often affectionately referred to as 'Cyberabad'. The integration of state-of-the-art technologies in domains such as traffic management, waste disposal and citizen services has ushered in substantial enhancements in efficiency and an elevated quality of life for its denizens.

In a visionary stride, Lucknow stands on the precipice of becoming India's inaugural AI city, leading the way towards sustainable and all-inclusive development. This pioneering initiative harnesses the potency of AI to transform urban life. From astute traffic management to cutting-edge healthcare solutions, AI is poised to play a pivotal role in amplifying efficiency and elevating the quality of life for Lucknow's residents. This forward-thinking approach not only promises a more astute, interconnected urban environment but also lays the cornerstone for robust economic expansion.

Furthermore, India's unwavering commitment to sustainable urbanization manifests through its resolute environmental endeavors. The accentuation on renewable energy, adept waste management

and the cultivation of verdant oases propel cities towards a future that is greener and more enduring. A conspicuous example is the 'Solar Cities' programme, which aspires to stimulate the embrace of renewable energy within urban precincts. Cities such as Gandhinagar and Nagpur have achieved remarkable headway in harnessing solar power for multifarious applications, thus mitigating carbon emissions and fostering long-term energy cost economies.

The transformation of India's urban landscape is being masterfully sculpted by the ascent of smaller cities and towns.

Efficient waste management constitutes another pivotal facet of India's sustainability endeavor. The 'Swachh Bharat Mission', a nationwide sanitation campaign, has catalyzed enhancements in waste disposal methodologies. Indore, for instance, has emerged as an illustrious archetype of proficient waste management through innovative techniques, including decentralized waste processing facilities.

Likewise, the establishment of sylvan havens is a paramount element of India's pursuit of sustainable urbanization. The 'Urban Greening' initiative, witnessed in cities such as Pune and Chandigarh, concentrates on the cultivation and preservation of sylvan enclaves within urban landscapes. These enclaves not only serve as recreational sanctuaries for urban residents but also contribute to the preservation of biodiversity and the amelioration of air quality.

The transformation of India's urban landscape is being masterfully sculpted by the ascent of smaller cities and towns. While Delhi and Mumbai perennially uphold their status as economic juggernauts, the smaller urban enclaves are scripting narratives of swifter growth. Tier-3 and tier-4 towns are unfurling as potent engines propelling the chariot of economic advancement, thereby demanding judicious investments in pivotal domains such as waste management, education and housing. Cities such as Lucknow and Bhopal serve as sterling embodiments of this paradigm shift. Through astute investments in infrastructure and targeted policy interventions, these urban locales are not only beckoning businesses and industries but are also ushering in an era of elevated living standards for their inhabitants.

Urban planning must transcend the realm of mere physical infrastructure and extend its benevolent embrace to encompass social development. Augmenting healthcare, education and the holistic quality of life stands as an imperative task. Initiatives like the 'Housing for All' programme and the 'National Urban Livelihoods Mission' stand as pivotal endeavors that grapple with the multifaceted challenges posed by the relentless tide of urbanization.

Cities like Ahmedabad, Hyderabad, Lucknow, Pune, Chennai, Bangalore and Gurgaon are shining examples of successful urban transformation. These cities have implemented innovative strategies, from infrastructure development to technological integration, setting the stage for inclusive growth. Ahmedabad, in particular, showcases the prowess of visionary urban planning with its Sabarmati Riverfront Development Project. This undertaking goes beyond mere aesthetics; it serves as a

resounding testament to the city's forward-thinking approach. By revitalizing the riverfront area, the city not only addressed flood control issues but also created a vibrant public space for recreational activities, cultural events and economic enterprises.

We must make the most of existing cities. In addition to the megacities, India boasts nearly 50 cities with a population of 1 million or more. Having been developed over decades our cities fortunately already have basic systems and institutions such as municipalities, utilities, schools, hospitals and parks, among others in place. What's great is that these cities are not only diverse and unique but also have space for expansion - be it state capitals like Bhopal and Raipur, industrial hubs like Kanpur and Visakhapatnam, historical cities like Madurai and Jodhpur or well-planned towns like Chandigarh or Bhubaneswar.

By including locales like Siliguri and New Town-Rajarhat in the narrative, the overarching theme of smaller urban enclaves driving economic advancement gains added nuance. These areas serve as prime illustrations of the potential inherent in urban enclaves contributing to economic growth, attracting investments and improving residents' quality of life through well-planned infrastructure and policy initiatives. Positioned strategically in northern West Bengal, Siliguri's development hinges on targeted investments in transportation and logistics infrastructure, heightening its appeal to businesses and solidifying its position as a gateway to northeastern states and international borders. New Town-Rajarhat has transformed into a flourishing IT and business hub. Swift urbanization, coupled with the establishment of IT parks, has drawn significant investments, fueling job opportunities and economic diversification. Furthermore, Rajarhat's expansion encompasses residential complexes, commercial areas and entertainment zones, adding layers to its multifaceted dynamism. These instances underscore the pivotal role played by smaller urban centers, beyond traditional tier classifications, in fostering economic growth through deliberate development and policy measures.

It is crucial to skillfully navigate the currents of urbanization, sculpting vibrant cityscapes that not only embrace but elegantly accommodate the sweeping tide of demographic change. Therefore, our focus for the next generation of cities should mainly be on revitalizing, efficiently using and repurposing the existing resources in these cities.

The world's future is undeniably urban. Urban areas will absorb virtually all of the world's population growth, with every region expected to become more urbanized, some at an incredibly rapid pace. Although Indian cities are on an upward trajectory, poised to redefine the global urban landscape, their global counterparts like New York, Tokyo, London, and Los Angeles will retain their positions as economic powerhouses. The transformation of cities, however, is a dynamic and ongoing process. India's urban future hinges on several critical factors: effective governance, sustainable development, technological innovation and social empowerment. As India hurtles towards becoming a global urban powerhouse, these elements will be instrumental in shaping the trajectory of its cities.

India stands at the cusp of a transformative urban journey, poised to become a global urban leader as well as the model of urban excellence, improving the lives of millions of their residents. By leveraging technology, prioritizing sustainability and embracing inclusive growth, Indian cities are not only

driving economic progress but also redefining the very essence of urban living on the world stage. The path to a developed future is illuminated by the collective efforts of policymakers, urban planners and citizens alike.

With effective governance, sustainable development, technological innovation and social empowerment at its core, India's urban renaissance is set to leave an indelible mark on the global urban landscape.

> *By leveraging technology, prioritizing sustainability, and embracing inclusive growth, Indian cities are not only driving economic progress but also redefining the very essence of urban living on the world stage.*

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15 Building Talent for an India-first Future

- TV Mohandas Pai and Nisha Holla





A nation's development relies on three crucial forms of capital: physical, financial and human. In the contemporary era dominated by a knowledge-based economy, human capital stands out as the most influential factor shaping socio-economic growth in the foreseeable future. The cultivation of human capital commences with the educational system, particularly higher education, fostering specialization, research, technology development and innovation.

In the academic year 2020-21, India witnessed a total enrolment of 4.14 crore in higher education, marking a significant increase from 2.91 crores in 2011-12, with a compound annual growth rate (CAGR) of 4 per cent. The country is home to 56,205 educational institutions, including 1,113 universities. India has now surpassed China, with its 2021 enrolment of 3.4 crores, becoming the world's largest education system. Notably, India possesses a substantial and youthful population, in contrast to China's declining youth population due to policies like the One-Child Policy. In 2021, China's Gross Enrolment Ratio (GER) was 57.8 per cent, while India's stood at 27.3 per cent, signaling significant growth potential as India's demographic dividend enters higher education and the workforce.

Key stakeholders such as FICCI, and the National Education Policy 2020, envision India achieving a GER of 50 per cent by 2030. The current CAGR of 4 per cent anticipates an enrolment of 5.86 crores in 2029-30, aligning with a projected 18-23 year population of 14.5 crores. To meet the 2030 GER target, enrolment must increase at a 6.4 per cent CAGR, surpassing the current growth rate by 2.4 percentage points. India must capitalize on its capacity to expedite enrolment and enhance educational quality.

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Presently, India maintains an average of 736 students per institution. With a projected enrolment of 7.24 crores in 2030 and a consistent number of institutions (56,205), the average will increase to 1,288 students per institution - a reasonable figure. While acknowledging state-level disparities, India possesses a solid foundational infrastructure. Prioritizing brownfield expansion, improving institutions and

elevating educational quality are imperative for realizing these projections.

Building capacity in specialization

Specialization plays a pivotal role in the development of a growing economy, facilitating enhanced productivity within society. It empowers the creation of top-tier products and services, catering to both the nation's expanding needs and capturing of global markets. Specialization is directly correlated with the number and quality of Masters and PhDs driving innovation in the economy.

Encouraging a higher percentage of the country's youth to specialize and lead R&D initiatives in India necessitates substantial investments in research capacity across STEM branches and social studies.

In the academic year 2020-21, 2.1 lakh students were enrolled in PhD programmes, constituting a mere 0.53 per cent of the total enrolment. In contrast, China boasted 5.1 lakh doctoral students in 2021, more than double the Indian figure. With only 38,986 PhD degrees awarded in 2020-21 (0.41 per cent of total graduates), there is a pressing need for India to elevate its specialization rates. This shift is crucial for dominance in research and development (R&D), improvement in the innovation index, and the stimulation of socio-economic growth.

Among PhD enrolments, the highest numbers were observed in engineering and technology (56,625) and sciences (48,600). While enhancing numbers in these critical STEM fields is imperative, equal attention must be directed towards bolstering innovation in agriculture (currently at 6,750), medical sciences (13,063) and IT & computers (4,030). The nation requires a greater influx of highly qualified researchers with PhDs to spearhead research and innovation across diverse disciplines.

Similarly, 47.2 lakh students enrolled in post-graduate programmes in 2020-21, constituting 11.4 per cent of total enrolment. Of these, 14.83 lakh post-graduate degrees were awarded (15.6 per cent of total graduates) during the same period. The capacity for post-graduate education is indispensable for fostering specialization across various sectors.

Encouraging a higher percentage of the country's youth to specialize and lead R&D initiatives in India necessitates substantial investments in research capacity across STEM branches and social studies. This entails the establishment of world-class laboratories, deployment of state-of-the-art equipment and technologies, creation of distinguished Chairs in key subjects at academic institutions and the provision of substantial funding for millions of PhD and post-graduate scholarships.

The pivotal role of digital platforms in expanding educational capacity

India confronts a formidable challenge in expanding educational capacity while emphasizing quality and aligning with diverse industry job requirements. Recognizing the inadequacy of academic institutions in imparting essential skills, major companies establish their own "universities" to equip first-time workers with industry-ready expertise. The transformative potential lies in digital platforms.

The widespread prevalence of smartphones and affordable internet in India presents a unique opportunity to enhance educational access through large-scale digital platforms. Regions with high youth percentages, like Bihar and Jharkhand, despite limited educational infrastructure, see a significant portion of the youth engaging with digital content through mobile phones. Leveraging this behavioral shift is crucial for making education more accessible.

Much like India's leapfrogging from landlines to mobile phones, there's potential to skip traditional educational models and directly embrace ed-tech platforms. The pandemic accelerated this shift, leading education providers to streamline solutions, introducing virtual teaching methods, certification processes and gamification. The global rise in online proctoring further enables remote testing with video monitoring, ensuring integrity. The convergence of these trends signifies a new era in Indian education and skill development.

A world-class education system is marked by quality, affordability and equitable access. Digital platforms play a pivotal role in democratizing education, offering affordable access to high-quality content. Their capacity to deliver superior educational material at significantly lower costs, coupled with effortless content updates, positions them as key contributors to educational transformation.

Initiatives at the top-of-the-pyramid

There is tremendous hunger among young Indians for quality top-of-the-pyramid education and specialization, as evident by the 7.5 lakh Indian students who are currently studying abroad. It is estimated that in five years, this number may rise to 10 lakh students, spending roughly US$ 30-35 bn to do so. India must deploy strategies that not only capture some of the outbound capital in fees but also incentivize students to stay in India, and study, develop and contribute value domestically.

Expanding educational capacity is crucial and incentivizing the top 200 universities and institutions to increase enrolment would enhance access to premier education. Simultaneously, the initiative to attract foreign universities to establish sister branches in India, particularly through GIFT city, is commendable. If a segment of the top 500 global universities establishes a presence and delivers education of comparable quality, it would significantly improve access to world-class education within the country.

The frequently mentioned National Research Foundation (NRF) has the potential to propel India's technological development by funding high-quality research proposals in emerging technologies and fundamental sciences on a competitive basis. Providing funding from the NRF to thousands of Masters and Ph.D. students in the top 200 universities and institutions would incentivize the brightest minds to stay and contribute to India's development.

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The NRF would necessitate an annual non-lapsable grant of INR 10,000 crore. Over a decade, this investment is expected to yield substantial returns in terms of quality talent with advanced degrees, cutting-edge research and economic benefits from technology development. It would enable India's research ecosystem to maintain high-quality laboratories and state-of-the-art equipment.

Considering demographic trends, India stands as the only large country capable of supplying the OECD with top-quality human capital to meet the demands of the Digital Revolution. With the rapid advancements in the age of AI, quantum computing, 3D printing, robotics, genomics, etc., India, through its tech and startup industry, has the potential to become a dominant global power. To seize this once-in-a-century opportunity, especially for a country that missed the Industrial Revolution, India needs to concentrate on the pinnacle of the education pyramid through research and development, foster innovation and lead the Digital Revolution.

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They have also co-authored the FICCI report on "Human Capital Development in India"

16 Indian Healthcare Sector: Current perspective and future 'healthscape'

- Pankaj R. Patel



India, a country of 1.4 billion people, has been a remarkable growth story to the world. Being the fastest growing major economy in the world, India has undergone a significant transformation and is now positioning itself as a leader on the global stage. The country has moved from being the 10th largest economy to the 5th largest economy between FY14 and FY23. As per the recent IMF estimates, India could potentially become the third largest economy by FY28. The journey from a developing nation to an economic powerhouse has been nothing short of inspiring. Amidst global headwinds such as wars, pandemic and the slowdown in major economies in Europe, America and Asia, India is maintaining strong macro stability and a continuing growth momentum offering much needed respite to global economy.

Healthcare sector has always been a vital part of Indian economy. It contributes around 10 per cent to Indian GDP and has grown at around 20 per cent in last 6-7 years. As per the economic survey 2022-2023, Central and State government budgeted expenditures on healthcare was 2.1 per cent of GDP (vs 1.6 per cent in FY21), which is in line with the needs of the country. FDI up to 100 per cent via automatic route is permitted in Medical Devices, Hospital and Pharmaceuticals (74 per cent in brownfield).

Pharmaceutical industry is a key part of healthcare sector in India. The Indian pharmaceutical industry has always been at the forefront in the service not just to the nation but the entire world at large. India's pharmaceutical industry is 3rd largest in terms of volume and 14th largest in terms of value. Its drugs and pharmaceuticals exports stood at over US$ 25 billion in FY22. Rightfully so, it has emerged as the pharmacy to the world. India, today, contributes about 20 per cent share in global supply of medicines by volume and supplies around 60 per cent of global demand for vaccines. As we move forward, the industry's vision is to grow to US$ 130 billion in size by 2030 and thereby supporting the global need for both innovative and affordable medicines.

> *The Indian pharmaceutical industry has always been at the forefront in the service not just to the nation but the entire world at large.*

Hospital industry, a crucial part of healthcare sector, contributes around 80 per cent to the total healthcare market. The growth is primarily driven by domestic demand as well as demand for medical tourism. In terms of other healthcare services, India serves as one of the key medical hubs to the world. As per NITI Aayog, the inflow from medical tourism increased from

US$ 5-6 billion in mid-2020 to reach US$ 13 billion by 2022. India's technology capabilities along with presence of skilled manpower can propel industries such as medical tourism, home-healthcare as well as tele-medicine.

Another important constituent of healthcare sector is medical devices. Medical devices in India is a US$ 12 billion industry and is expected to grow at a CAGR of 25 per cent to reach US$ 50 billion by 2030. It largely remains an under-penetrated market in India. India contributes around 1.5 per cent to medical device industry globally. Govt. policies such as PLI scheme are providing the much-needed impetus to indigenous manufacturing of medical devices in India. There is a huge untapped potential to reduce the import dependency in this industry.

As we look into the future of healthcare in the country, three key themes emerge where Indian healthcare sector can contribute significantly to the Indian economy and to the world. These are: (a) low cost affordable healthcare, (b) research and innovation and (c) advances in digital health technologies.

Low cost affordable healthcare solution is the need of the hour in Indian healthcare sector. An ageing population with a growing middle class will lead to demand in preventive healthcare. Increasing prevalence of lifestyle diseases in urban areas will also lead to demand for specialised health services. Increasing life expectancy, disposable incomes and ageing population are other key drivers for healthcare sector. As per the recent report from UNFPA, 20 per cent of India's population will be above the age of 60 years by 2050 and by end of the century the number of elderly people in the country will be more than the children between zero and fourteen. There will be more demand for creating low-cost affordable solutions catering to large population of India. Keeping these things in mind, the government has also bought schemes in this sector such as Pradhan Mantri Jan Arogya Yojana (PM-JAY), Ayushman Bharat, Scheme for Promotion of Medical Device Parks, etc. to support healthcare sector in India. Indian private sector will also play a significant role in this regard by improving access to healthcare, capability of bringing innovations faster to the market and enhancing value of healthcare. Overall, it will be a combination of public and private sector with appropriate policies and regulations that will pave path for low-cost affordable healthcare for the Indian population.

As we look into the future of healthcare in the country, three key themes emerge where Indian healthcare sector can contribute significantly to the Indian economy and to the world. These are: (a) low cost affordable healthcare, (b) research and innovation and (c) advances in digital health technologies.

Research and innovation will be critical in this space to produce solutions that can cater to unmet needs. We will see India leading the way with innovation, discovering novel drugs to address this segment. Researchers and scientists in India have already discovered and made available novel drugs to fight critical illnesses such as Non-Alcoholic Fatty Liver Disease (NAFLD), Non-

Alcoholic Steato Hepatitis (NASH), Cancer and Anaemia in Chronic Kidney Disease (CKD). India is also one of the leading destinations for biotechnology. There is a lot of innovation happening in this space with the number of startups exploding from 52 in 2014 to nearly 5000 in 2022. Indian biotech sector is innovating in areas such as bio-similars, genetic modification, cell treatments, nano technology, production of food and materials etc. Indian bio-similars are now gaining a strong foothold in developed markets. Similarly, India has also emerged as key vaccine maker in the world. With the continuous support from the government policies and enhanced investments, India could soon become most preferred destination for bio-innovation. Tele-medicine and remote care are areas where continuous innovations are happening in India. Use of advanced data analytics, artificial intelligence and machine learning (AI/ML) could further aid tele-medicine industry. There is further scope of innovations in Indian MedTech sector by improving more industry-academia collaborations and use of medical device clusters for R&D. This could be a game changer from Indian perspective which currently imports 70 per cent of its medical devices.

One of the notable trends in healthcare is increased adoption of digital health technologies. Digitisation in healthcare enables better patient care. As per a recent McKinsey research, by 2030, monitoring and treating illness can have an economic impact of US$ 240 to US$ 1,200 billion, while improving wellness can have an impact of US$ 310 to US$ 560 billion. The report states that by 2030, the IoT (Internet of Things) could enable US$ 5.5 to US$ 12.6 trillion in value globally. IoT-enabled solutions can support wellness and health, by managing general and chronic conditions that account for a large percentage of overall healthcare spending. Health-tech applications today include devices attached to or inside the human body. This is a largely untapped avenue. India, fortunately has proven talent capabilities in both IT as well as life sciences. In the next decade, we will excel in bringing futuristic advancements combining both these worlds.

The possibilities are immense when we look at how the future 'healthscape' is going to impact the entire spectrum of research & innovation, preventive health, therapeutics, personalised medicines, medical devices, patient care and medical care. As we explore several measures to transform India into an export-led economy, the Indian healthcare sector will become a key to achieve milestones. It will be an innovation driven India that will script its future at 75 and beyond.

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17 India – Leading the Path to Green Growth

- Mukund Govind Rajan



India has set its sights on becoming a global leader in sustainable development. It has made bold international commitments under the Paris Climate Treaty to reduce greenhouse gas emissions and source 50 per cent of India's electricity from non-fossil fuel sources by 2030, while reducing the carbon intensity of the economy by 45 per cent over 2005 levels by 2030. It anchors the International Solar Alliance and has championed the One Sun One World One Grid (OSOWOG) initiative to connect different regional grids to transfer solar power. And it has rightly emphasized the demand side of the environmental equation by focusing on LiFE or Lifestyle for Environment, with Prime Minister Modi's call to action, "What is needed today is Mindful and Deliberate Utilization, instead of Mindless and Destructive Consumption".

Further underlining India's commitment to sustainable development, green growth was identified as a core economic priority in the 2023 Union Budget. The successful issuance of sovereign green bonds has marked a significant milestone for India's green finance landscape and India is witnessing a growing appetite for green financial products ranging from sustainability bonds to green municipal bonds. The public markets regulator, SEBI, is tightening disclosure norms by making the Business Responsibility and Sustainability Report (BRSR) mandatory for the top 1000 listed companies and has introduced the concept of a Core BRSR from next year that is subject to "reasonable assurance", alongside the inclusion of supply chains within the disclosures to be made. Meanwhile, the Reserve Bank of India is urging lenders to build climate risk into their assessment of loan requests.

Indian business leaders are taking note of the dramatic changes the new trend of sustainability will introduce in their businesses. Corporate houses, from the Tatas to the Birlas to the Mahindras, have all announced Net Zero carbon emission targets for some of India's largest companies, typically before 2050, well before India's stated intent of achieving Net Zero by 2070.

Reliance and Adani have announced pioneering multi-billion dollar forays into the emerging domain of Green Hydrogen. Tata Power, meanwhile, has substantially pivoted away from coal-fired thermal power to become one of the country's largest renewable energy providers. And from the public sector, NTPC, traditionally a thermal power player, has tripled its operational

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clean-energy capacity to 3.2 GW since 2020 with a target to reach 60 GW by 2032.

At the other end of the spectrum, a large number of startups are emerging across areas like electric vehicles and batteries, high efficiency materials, more water and energy efficient agricultural techniques, meat alternatives, carbon credits trading and carbon capture and storage. New services are emerging based on the green growth paradigm, such as rooftop solar installers, green skills trainers and energy auditors, unlocking a new wave of job creation. More Indian businesses are now creating ESG and Sustainability committees of their boards to accelerate their green transition, with Chief Sustainability Officers now moving into critical leadership roles in many organizations.

The infrastructure support that Indian industry will need to navigate this fast-changing environment is being assured through multiple government schemes and incentives at both the Central and State level. To illustrate some of these:

Energy Transition: The government has set an ambitious target of 500 GW installed renewable energy by 2030, which includes 280 GW solar power and 140 GW wind power. Accompanying investments are being made to ready the transmission grid to channel electricity across the country, with load stabilizing battery energy storage. The National Green Hydrogen Mission approved in 2022 by the Central government aims to make India a leading producer and supplier of green hydrogen in the world, with an initial outlay of over INR 19,700 to achieve at least 5 MMT production capacity by 2030. Incentives are being offered for ethanol blending in fuel and for waste to energy build-outs. India also recently launched the Global Biofuel Alliance during its G20 Presidency, led jointly with Brazil and the United States, to expedite global adoption of biofuels. Meanwhile, India's National Mission on Enhanced Energy Efficiency focusing on energy intensive industries has successfully implemented the Perform, Achieve and Trade (PAT) mechanism for over a thousand industrial units covering 13 sectors.

Afforestation and Reforestation: India has initiated large-scale afforestation and reforestation projects to increase forest cover and combat deforestation. The Green India Mission, the National Afforestation Programme and other initiatives focus on restoring and conserving natural ecosystems. India is committed to create additional sinks of 2.5-3 billion tonnes of carbon dioxide equivalent through additional forest and tree cover and plans to restore 26 million hectares of degraded land by 2030 to combat desertification.

Sustainable Agriculture: Sustainable agriculture practices, including organic farming, efficient water management and the promotion of climate-resilient crop varieties are integral to India's green growth strategy. Initiatives like the National Mission on Sustainable Agriculture aim to enhance food security and protect the environment. Natural farming practices are increasingly gaining traction, with Central government incentives to

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the States to promote alternative fertilizers to facilitate the transition away from chemical-intensive farming.

> *Sustainable agriculture practices, including organic farming, efficient water management and the promotion of climate-resilient crop varieties are integral to India's green growth strategy.*

Clean Transportation: India is promoting electric vehicles (EVs) and cleaner fuels to reduce air pollution and greenhouse gas emissions through various incentives and schemes, including the Central government's Faster Adoption and Manufacturing of Hybrid and Electric Vehicles (FAME) scheme and multiple State government incentives like purchase subsidies, road tax exemptions and the like. India has set a target of 30 per cent EV penetration by 2030.

Waste Management: India is addressing waste management through initiatives like the Swachh Bharat Abhiyan, which focuses on sanitation, waste segregation and recycling. A broader strategy for a circular economy approach is being developed under the direction of the NITI Aayog. Meanwhile, businesses are now obliged to implement waste reduction and recycling programmes as part of the Extended Producer Responsibility obligations under different waste management regulations, including plastic waste, battery waste and electronic waste management.

Water Conservation: India's emphasis on water conservation through initiatives like the Jal Jeevan Mission aims to provide clean drinking water to every household while ensuring efficient water use and management. The National Water Mission focuses on integrated water resource management to conserve water, minimize wastage and ensure more equitable distribution both across and within States.

Sustainable Urban Development: India is working on promoting sustainable urban planning and development to address the challenges of rapid urbanization. The Smart Cities Mission focuses on creating environmentally friendly and technologically advanced cities. The National Mission on Sustainable Habitats, one of the eight missions under the National Action Plan on Climate Change (NAPCC), aims to make cities sustainable through energy efficiency improvements in buildings, solid waste management and efficient public transport.

Climate Resilience: India is building resilience against the impacts of climate change through various programmes embedded in the NAPCC and seeks to enhance adaptation efforts. India headquarters the Coalition on Disaster Resilient Infrastructure (CDRI), a global multi-stakeholder partnership.

Corporate Social Responsibility (CSR): The CSR Rules under the Companies Act have prompted many businesses to invest around 2 per cent of their net profits in CSR activities linked to environmental initiatives including reforestation, waste management and water conservation.

Green Products and Services: Many Indian companies are introducing eco-friendly products and services, including energy-efficient appliances, green building materials and sustainable fashion, to cater to a growing environmentally conscious consumer base. The Central government recently notified the Ecomark Certification Rules to encourage consumers and manufacturers to transition to products that reduce their impact on the environment; meanwhile, its Energy Conservation Bill envisions the creation of a domestic carbon market, which coupled with the anticipated revival of UN-sanctioned international carbon trading, can stimulate India's emergence as the world's leading supplier of carbon offsets.

> *The National Water Mission focuses on integrated water resource management to conserve water, minimize wastage and ensure more equitable distribution both across and within States.*

It is well-known that the Indian IT services industry supported the digital revolution across the world over the past two decades, with dramatic gains for the services sector in India. Looking ahead, green growth can be expected to be the new "digital" and is opening up a similar opportunity for India.

- Mukund Govind Rajan *is Chairman, ECube Investment Advisors Pvt. Ltd.*

18 India@76: Leadership, Potential, and Growth

- Sangita Reddy



"In a world of uncertainty and economic challenges, India is a beacon of hope and opportunity," declared Mr Shaktikanta Das, Governor, Reserve Bank of India. He made this statement as the central bank retained India's GDP growth forecast at 6.5 per cent for 2023-24 amidst a slowing global economy.

With the world riven by conflicts, chaos and crises, India's G20 presidency has emerged as an emblem of "Hope, Healing and Harmony." In a deeply polarised world marked by poly-crisis and paranoia, India has emerged as a bridge-builder and great reconciler, bridging divides and geopolitical fault-lines. Just when some powerful countries are showing a tendency to withdraw into their shells, India is keeping the torch burning for globalism and international solidarity, which has been epitomised in its G20 credo "Vasudhaiva Kutumbakam". In a seminal sense, the ancient Indian ethos has turned out to be a lasting legacy of India's G20 presidency and, if practised in its true spirit, could ignite inclusive multilateralism which can help alleviate multiple crises that beset the world.

India's domestic and global leadership was recently focused on two critical issues. The first is the ongoing COVID-19 crisis, which has now resumed its rise. This highlighted India's role as a key player in the global healthcare system. India has been instrumental in providing free vaccines to hundreds of millions of people both domestically and abroad, earning its reputation as the "pharmacy of the world" and a leading vaccine manufacturer. This accomplishment serves as an excellent platform, especially as other countries are striving to develop their own vaccine.

The second contribution has been India's leadership in digitalisation, specifically in the development of its digital public infrastructure and a digital payment system. This system is vital for ensuring the inclusion of the poor, promoting gender equality and advancing the equalisation. India's mobile payment system has solved the plight of the millions of people without bank accounts. It allows them to enter the formal economy, which provides consumer protection and offers entrepreneurs the opportunities to access global markets.

India's pioneering approach to health innovation stands out as an inspiring and instructive model. Our nation serves not only as a provider of medical products, services and health information technology but also as a source of emigrating talent, including nurses and doctors. India has a long-earned reputation as the 'pharmacy of the world'. India's actions, policies and strategies

India's pioneering approach to health innovation stands out as an inspiring and instructive model.

have redefined global health paradigms. The focus on inclusive health solutions, collaboration and research and innovation position it as a beacon of hope in global health.

India's ascent in the global digital health arena goes beyond its success in vaccine distribution, showcasing its adeptness at leveraging technology as a catalyst for healthcare transformation.

India's ascent in the global digital health arena goes beyond its success in vaccine distribution, showcasing its adeptness at leveraging technology as a catalyst for healthcare transformation. Amid the pandemic, the Ministry of Health and Family Welfare, Government of India, introduced pioneering tele-medicine guidelines, establishing a robust framework for tele-medical practices and ensuring uninterrupted access to quality healthcare for all, regardless of global disruptions. These guidelines have facilitated care for up to 150 million patients to date. Similarly, the Ayushman Bharat Digital Mission (ABDM) is committed to furnishing solutions spanning patient engagement, data analysis, claim management and disease oversight. Additionally, it streamlines outpatient registrations, alleviating extended wait times for thousands of patients; with over 445 million Ayushman Bharat Health Accounts (ABHA) and 298.9 million linked health records, ABDM's primary goal centres on fortifying healthcare services and ensuring the citizen's ownership of their healthcare data. These initiatives stand as a testament to the power of digital health technologies in dismantling conventional healthcare barriers. India's strides in digital health also reflect its holistic investment in public digital infrastructure and universal internet access, integral to nurturing a comprehensive health ecosystem that elevates health outcomes.

The Indian trajectory in the global health landscape is filled with promises. As we forge ahead, the nation's focus on inclusive health solutions, emphasis on collaboration and dedication to research and innovation position is a beacon of hope in global health.

Digital health technology has emerged as a pivotal pillar in healthcare delivery. Recently, the world has witnessed a boom in the health technology market for products such as wearables, telemedicine, e-pharmacies, etc. In addition, there has been tremendous research and development in integrating technologies such as robotics, artificial intelligence, blockchain and virtual reality with pharmaceuticals and healthcare. Accurate healthcare delivery through technologies and traditional means has also been bridged by incorporating ambient computing techniques. The use and scale-up of digital health solutions can revolutionize how people worldwide achieve higher standards of health and access services to promote and protect their health and well-being.

As we come to the end of 2023, many trends in digital health that the pandemic inspired and spurred on continue to gain traction, but other developments are beginning to play a role as well.

Home-based health care will keep gaining momentum after solid growth in 2023. The women's health arena will continue to attract attention, investment and innovation. I see exciting trends in fertility options, community-based care and support for the underserved, among others. Femtech products and

solutions (technology explicitly addressing women's health needs) will increase and femtech businesses will compete to develop hybrid, one-stop shops. Tech advances, in general, will unlock many new opportunities in digital health.

Virtual reality will offer new approaches for treating mental health conditions and the healthcare industry will embrace more use cases for digital twins in clinical trials, hospital operations and disease modelling. I see a push for more innovative clinical development. Organizations are already testing ChatGPT, the generative AI technology, in developing therapeutic ideas, analyzing medical data and identifying patterns.

To conclude I firmly believe that digital tools will improve health equity over the coming year by helping to bridge care gaps, expand access, enable more personalized treatment and eliminate geographic barriers. Having said that the journey, while promising, is a marathon, not a sprint and every step must be taken with foresight and deliberation.

***- Sangita Reddy** is Past President, FICCI and Joint Managing Director, Apollo Hospitals Group*

19 Empowering India's Future: Pioneering financial inclusion and economic transformation

- Rashesh Shah



India's transformative journey: Steering towards inclusive finance

Throughout India's rich tapestry of history, is a journey of tectonic shifts that have shaped its course for decades to come. Some led by policy, others led by private participation; the eventual outcome being a paradigm shift in the sectoral modus operandi. The Green Revolution of 1960s redefined agriculture and farm productivity, the Economic Reforms of 1991 redefined the economy and its global potential, the IT boom of the late nineties brought India into the global spotlight while the high growth phase of 2000 to 2008 saw us gain scale rapidly. Each milestone has left an indelible mark on our nation's development.

We are amidst another watershed moment, one that has and will continue to completely transform the way we look at finance in India; specially, in our march towards improving access to financial services to the historically unserved and underserved billion.

Empowering the next billion: PMJDY and DBT igniting India's financial inclusion revolution

The pace of financial inclusion took a colossal positive shift in the last decade. Launched in 2014, the Pradhan Mantri Jan Dhan Yojana (PMJDY) acted as an inflection point in our race towards banking the next billion. The scheme led to the opening of over 50 crore bank accounts with the cumulative balance exceeding INR 2 tn. 56 per cent of the beneficiaries are women, underscoring the role of this policy in driving gender-inclusive growth. Further, 67 per cent of the accounts have been opened in rural and semi-urban areas, addressing the financial needs of the underserved populations. PMJDY has not only facilitated access to banking services but has also become a cornerstone in the government's efforts to bridge the urban-rural divide and promote inclusive growth.

The Direct Benefit Transfer (DBT) mechanism, another policy innovation, revolutionized subsidy distribution. In the fiscal year 2023-24, INR 3.2 tn were disbursed across various schemes, demonstrating the government's efficiency in reaching out to the needy. The DBT's success, with an average daily processing volume of 90 lakh payments, exemplifies the potential of policy interventions to create tangible impacts. Now in hindsight we can say that the above policy interventions truly laid the foundation for the large-scale innovative disruption that was to follow.

India's digital leap: Aadhaar and UPI pioneering the future of finance

The foundations of the digital revolution were laid out back in 2009 with conceptualisation of Aadhaar. Little would one imagine the power of a humble card with a unique number. However, this humble card evolved into the most powerful tool in the financial world - Authenticated Identity. In 2016, we crossed 1 bn Aadhaar holders, re-emphasizing India's scale. The conditions were ripe for another revolution, the United Payment Interface (UPI).

UPI was a game changer, a one-of-a-kind payment interface which revolutionised payments. QR codes proliferated to areas unimaginable to banking before with everything from a cutting chai to a cutting-edge smart phone being purchased using UPI. With UPI, India essentially leapfrogged the idea of "Plastic Money" which was prevalent in the developed world with their use of cards, to "Digital Money". UPI volumes crossed the 1 bn monthly transactions mark back in 2019, and in October 2023, we did 11 bn in volume. India keeps redefining scale!

However, there was another factor to this revolution, an important one if I may add - access to high-speed internet, at an affordable price. In yet another transformative moment, private players stepped in to make data prices in India, one of the cheapest in the world. In some of our international travels we still see billboards offering data plans in MBs, an archaic concept from an Indian lens. In India, even in the most basic plan you get a GB of data which is replenished DAILY. Something, no other country can boast of.

Accelerating change: How demonetisation and pandemic fast-tracked India's digital finance era

The stage was set, infrastructure in place and volumes steadily rising. At this point, the government came out with a bold policy measure - Demonetisation, scrapping of 86 per cent of currency in circulation. A move which proved decisive in tipping the scale towards digital payments and led to an exponential rise in its favour.

However, 2020 saw the biggest digital push of the century - COVID. An era where physical contact was shunned, the confluence of an authenticated identity, a seamless transfer mechanism and cheap internet made our financial lives a tad bit better.

From the most basic to the most advanced monetary tasks, digital payments proved to be foundational for the revolution which was ensuing. Events like this not only acted as a catalyst for digitisation, but massively accelerated its adoption, reinforcing that digital was here to stay.

Scaling new heights: Demographics, technology and inclusive policies fuelling the financial inclusion and growth

The India Stack, a pivotal part of India's digital infrastructure, promoted by the Indian government has been a true game changer. It is a set of APIs that allows governments, businesses, startups and

developers to utilize a unique digital infrastructure and create a digitally empowered society and knowledge economy. The government's efforts to increase financial literacy and access to banking channels coupled with a massive opportunity of the burgeoning youth demographic, has created a conducive environment for financial innovation.

The success of India's financial inclusion journey can be attributed to the systematic leveraging of the various digital revolutions, forming a cashless, paperless and presence-less ecosystem.

The success of India's financial inclusion journey can be attributed to the systematic leveraging of the various digital revolutions, forming a cashless, paperless and presence-less ecosystem. This seamless delivery mechanism is bolstered by the trifecta of India Stack, demographic dividend and democratised access to banking; layered with one of the cheapest internet prices in the world!

Our progress in real-time payments is nothing short of remarkable. Ranking #1 globally with nearly 90 bn. transactions in 2022; India accounted for 46 per cent of all real-time transactions worldwide. Like I mentioned earlier, India keeps redefining scale!

The unique combination of a conducive market environment, economy and digital opportunity has also led to a democratisation in entrepreneurship. Nearly 50 per cent of all recognised Indian start-ups today have emerged from tier II & III cities and a quick look at the consumer demographic for online shopping will also reveal how more than 50 per cent of the online urban shoppers reside in non-metro cities.

The unsung hero in all this is financial inclusion and financial literacy. India's financial inclusion strategy encompasses a suite of services like the Pradhan Mantri Jeevan Jyoti Bima Yojana with a significant 17.86 crore of enrolments, Suraksha Bima Yojana with 39.27 crore enrolments, Atal Pension Yojana that has succeeded in onboarding 5.67 crore subscribers and Mudra Yojana that has seen 43.18 crore accounts. These initiatives have not only provided a safety net but showcased the holistic approach of India's policy efforts.

This extraordinary confluence of innovative technology, forward-thinking policies, and a vibrant demographic profile is catapulting India to unprecedented heights in the global financial arena. As these elements synergize, they are setting the stage for India to not only meet but redefine the benchmarks of economic and technological advancement.

India's leap into financialization: Savings surge sparks investment revolution

India's triumph in financial inclusion is evident with bank deposits more than doubling in the past decade, soaring to INR 180 tn. What this is also doing is preparing India for the next step of the financial journey which is financialization. Overtime there have been systematic efforts to make the next billion financially literate, improve their access to banking and providing them with a gateway

for using formal banking channels for daily tasks. Dependence on cash has greatly reduced and there is more money available in the banking fold, waiting to be channelised into financial assets.

In the past decade, total household savings have doubled to INR 46 tn. and financial savings have nearly tripled to INR 26 tn. There is widespread availability of digital modes to start one's financial journey into financial assets. A significant development is the rapid build-up in household financial assets, which have reached INR 280 tn. in 2023 and are estimated to triple over the next decade. Once unheard of by many, today Systematic Investment Plan (SIP) has become synonymous with savings; a phenomenon which also saw mutual fund asset under management growing five-fold to cross INR 40 tn. mark, in the past decade. Insurance, though still a push product in India, has been seeing increasing traction with its assets under management growing to thrice its size to INR 54 tn. over the past decade.

India's financial renaissance: Demographic dividends drive path to US$ 10 tn. economy

Given the favourable demography of India, its growing GDP and increased government spending on capital assets, over time we will see an increasing per capita income and an increasing disposable income. Such income will not only be channelised towards improving consumption but will also enter the domain of financial products of mutual funds and insurance; a trend we have been seeing over the last decade.

The future of India's financial landscape appears promising. The Indian GDP is projected to reach US$ 10 tn. by 2035 and its position rising to the 3rd largest economy globally. India is an opportunity one cannot miss. Indian household financial assets are expected to triple in the next 10 years with the allocation of mutual funds and insurance expected to quadruple in the household kitty. The Indian demography and its captive market are the envy of the world with 14 per cent of global internet users and nearly 18 per cent of global population; the India opportunity truly means scale.

India's decade: Transforming financial inclusion into global economic leadership

India's model of financial inclusion is a blend of policy depth and technological foresight, serving as a blueprint for other developing nations. As India marches towards its goal of an inclusive economy, the effort of bringing most Indians into the fold of financialization will also require stronger data protection, infrastructure and policies to act as guardrails that will accelerate growth and development in a sustained manner. While significant strides have been made, areas such as financial literacy and bridging the digital divide (especially in rural and remote regions), remain as areas for continued focus and improvement.

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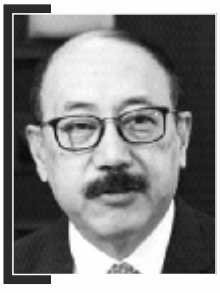
Addressing these through focused education, infrastructure development and innovative outreach programs is crucial for achieving universal financial inclusion. As fintech evolves, the role of regulation becomes increasingly critical. Regulatory bodies are committed to fostering innovation while also diligently protecting consumer interests and maintaining financial stability. Their balanced approach is crucial in sustaining the momentum of financial inclusion and reinforcing trust in the robust financial ecosystem.

The India growth story has been pivotal in shaping our country's trajectory and re-defining itself on the global stage. There is a wide-ranging consensus on the heft and potential India shows, and the next decade is rightfully being termed as 'India's decade'. In this era of transformative change, India stands at the cusp of not just participating in the global financial narrative but redefining it. As we embrace this dynamic future, India's journey from a burgeoning economy to a global financial powerhouse is not just a vision, but an unfolding reality.

- Rashesh Shah *is Past President, FICCI and Chairman, Edelweiss Group*

20 Vasudhaiva Kutumbakam: New India's influence in the world

- Harsh Vardhan Shringla



India inherited a historic responsibility on December 1, 2022 - to unite a fractured global order, where geopolitical conflict coupled with the devastating impact of the COVID pandemic had exacerbated existing crises in the world. In the midst of these challenges, India's maiden Presidency of the G20, a group considered among the most influential in the 21st century, became a defining moment.

In November 2022, Prime Minister Shri Narendra Modi articulated a vision of the emerging 'New India' during the 57th Annual Conference of FICCI Ladies Organisation (FLO). He stated, "We are witnessing the rise of a New India. This New India is confident in its abilities, self-reliant in its approach, and ready to take on the world". This 'New India', as described by the Prime Minister, embodies inclusivity, compassion, and a commitment to global peace and cooperation.

Under the leadership of the Prime Minister, this 'New India' played a pivotal role in steering the G20 through one of the most challenging periods in recent world history. The G20 New Delhi Leaders' Declaration, unanimously adopted during India's Presidency, was not only an unprecedented diplomatic triumph but also the result of a year-long celebration of discourse, diversity and inclusive development.

Over 200 G20 meetings were held across 60 cities in each state and union territory of India. With over 100,000 participants, India's G20 Presidency was the largest ever recorded. G20 delegates were provided the opportunity to view firsthand the rich cultural heritage and diversity celebrated in every corner of India. Alongside warm hospitality, this provided a glimpse of the nation's vibrant soul and fostered deeper connections with the global community. The exceptional warmth, enthusiasm and the spirit of celebration surrounding India's G20 was an important factor in the eventual unanimous adoption of far-reaching, substantive outcomes.

> *The G20 New Delhi Leaders' Declaration, unanimously adopted during India's Presidency, was not only an unprecedented diplomatic triumph but also the result of a year-long celebration of discourse, diversity, and inclusive development.*

Prime Minister Modi's emphasis on an "inclusive, decisive, ambitious, and action-oriented" G20 Presidency echoed India's own domestic policies

over the last 9 years, evident in people-centric initiatives such as the Jan-Dhan-Aadhaar and Har Ghar Jal. The call to dismantle archaic first world and third world groupings in favor of Vasudhaiva Kutumbakam or One Earth, One Family, One Future, reflected 'New India's' focus on inclusive governance and development.

The 'Voice of Global South' summits, initiated by India, sent a powerful message about the role of the Global South in global governance.

The 'Voice of Global South' summits, initiated by India, sent a powerful message about the role of the Global South in global governance. These summits underscored India's commitment to articulating the aspirations and concerns of the Global South on the global stage. The Global South, encompassing 80 per cent of the world's total population, has historically been marginalized in global decision-making forums. Recognizing this disparity, India, increasingly recognized as the voice of the Global South, made a committed pledge to rectify this imbalance.

The summits not only symbolized India's proactive stance in addressing the concerns of the Global South but also reinforced its role as a catalyst for change in reshaping the dynamics of global discourse.

In his opening address at the second Voice of the Global South Summit, Prime Minister Modi said, "Having two summits of the Global South within a year, and a large number of you participating in them, is in itself a big message for the world. This message is that the Global South wants its autonomy. The message is that the Global South wants its voice in global governance. This message is that the Global South is ready to take greater responsibility in global affairs…India is proud that we got the opportunity to put the voice of the Global South on the agenda in an important forum like G-20."

Under India's Presidency, an impressive 205 outcomes and presidency documents were produced, more than doubling the substantive work of previous presidencies. The 83-paragraph long declaration symbolizes a concerted effort to address global challenges while embodying a spirit of collaboration, cooperation and shared responsibility. The pledges inked within its pages empower countries to address global challenges, bring prosperity to humanity and most importantly, address many of the concerns and expectations of the Global South.

The G20 New Delhi Leaders' Declaration represents the culmination of a series of productive G20 meetings held across 40 different mechanisms, including Engagement Groups, such as the Business 20. The Federation of Indian Chambers of Commerce & Industry (FICCI) made substantive contributions to the B20 Trade and Investment Task-force, facilitating business-to-business dialogues and fostering the development of policy recommendations for G20 Leaders. FICCI's active involvement in the W20 and 'EMPOWER 20' groups further highlighted its commitment to shaping global discourse.

Among the significant achievements of India's G20 Presidency was the acceptance of India's proposal to welcome the African Union as a permanent member at the G20, a step towards a more inclusive

representation. The 7-year Action Plan to Accelerate Sustainable Development Goals, adopted under India's G20 Presidency, has also been welcomed by the United Nations, who state that the plan has helped to raise awareness of the importance of the SDGs and provides a clear roadmap to mobilize resources for their implementation.

> *Among the significant achievements of India's G20 Presidency was the acceptance of India's proposal to welcome the African Union as a permanent member at the G20, a step towards a more inclusive representation.*

Furthermore, India's focus on climate finance and Lifestyle for Sustainable Development showcased a commitment to climate justice. Developed countries in the G20 reaffirmed their commitment to mobilize US$ 100 billion in climate finance annually by 2025, aligning with the needs of developing countries.

The Millets And Other Ancient Grains International Research Initiative (MAHARISHI), launched under G20 India, also holds promise for benefiting the Global South in various ways, as does the 'One Future Alliance' and the 'Global Biofuel Alliance'.

India's unique approach during its G20 Presidency has not only left an indelible mark on the G20 but has also set a remarkable precedent for the future of the world order. As Prime Minister Modi emphasized, India will ensure that the Global South will no longer be ignored, marking a pivotal shift in the influential group's agenda.

The momentum set by Prime Minister Shri Narendra Modi for the 'New India' has propelled the nation forward, inspiring optimism and confidence among its citizens. This 'New India' is a perfect amalgamation of its past traditional values that inform its innovative present and shape its promising future. This unique blend of heritage and modernity not only defines the character of 'New India' but also sets a precedent for how a nation can evolve without losing sight of its roots.

As India continues on this trajectory of growth and transformation, it stands poised to contribute significantly to shaping a more equitable and sustainable global order. 'New India' thus is not just a concept; it is a living reality that is constantly evolving and reshaping the contours of the world as we know it.

- Harsh Vardhan Shringla *is Chief Coordinator for India's G20 Presidency and former Foreign Secretary of India*

21 India as the Global Manufacturing Hub

- Harsh Pati Singhania



IMF projects India to be the only major economy to grow at a robust pace of 6.3 per cent CAGR over the next 5 years vis-à-vis 3-4 per cent in China and 1-2 per cent in most others. This would propel India to be the 3rd largest economy, surpassing Japan and Germany. With the big manufacturing behemoths, including China facing sharp downturns, stakes are high to find another engine to propel the global economy, which India is well positioned to take up.

Even before COVID, the global manufacturing map has been profoundly redrawn due to the series of disruptions, starting with Brexit, US-China trade conflicts, before reaching a crescendo during the COVID pandemic that revealed the perilous nature of global supply chains for its over-dependence on China. This prompted global firms to expand the geographic spread of their facilities and look for new manufacturing centres, with a desire to shorten lead times, by operating in more stable business environments, building resilience, allowing flexibility to respond to disruption, thus creating a balance with cost competitiveness.

This is a great opportunity for India by presenting a manufacturing-friendly environment and offering attractive prospects to global players for setting up units in India and help manage risk. The necessary ingredients are all there in the form of its huge semi-skilled labour force, an increasing share of young working population and a big domestic market. Besides, there is a clear shift in Government's commitment, by continuously working on the economic and business reforms with a sustained focus on infrastructure development. Already corporate tax for new manufacturing units is the lowest among major economies. A slew of measures, most notably the Production Linked Incentive (PLI) Scheme aims to capitalize on this opportunity, which otherwise would have taken longer to push the next capex cycle, especially in new-age sectors where India is largely import-dependent. Apart from inviting foreign companies to set up shop in India, PLI would also encourage local companies to set up or expand existing manufacturing units. The necessary support infrastructure is also being developed, with more emphasis on renewables and digitization to move Indian economy to a more sustainable growth path.

However, incentives alone are not enough as this shift also requires creation of a best-in-class manufacturing ecosystem that offers efficient and trained manpower, encourages innovation and allows ease of doing business. Although things are improving on logistics and infrastructure fronts, in the form of Dedicated Freight Corridor (DFC), National Investment Pipeline (NIP), Bharatmala and Sagarmala, planned investment is not always accompanied by proportionate capacity creation. While advance in road construction is satisfactory, progress has been relatively slower in railways, inland

waterways and port construction, resulting in higher logistics costs at 14 per cent of GDP in India compared to 8-10 per cent in US and Europe.

With ease of compliance would come increased formalisation, leading to proliferation of larger enterprises, which are found to be 11 times more productive and create more organised jobs.

To address this, the logistics modal-mix needs to be optimized, which would help address high overheads due to lack of last-mile connectivity. Multi-modal logistics parks would provide world-class storage solutions such as cold storage, mechanized warehouses and handling as well as delivering value-added freight services. The work on most of these mega projects are already underway and the situation would improve when they are fully operational.

Though the maze of labour laws has not prevented India from industrializing or attracting foreign investment, it has made entrepreneurs' and investors' life unnecessarily difficult. The four Labour Codes should ideally make it easier and cheaper to do business in India, but with states dithering to frame rules under those codes, the process is further delayed. Given the scale of job creation India needs, estimated to be over 100 million by 2030, there is an urgent need to leverage labour reforms at the earliest.

With ease of compliance would come increased formalisation, leading to proliferation of larger enterprises, which are found to be 11 times more productive and create more organised jobs. The large and mid-sized players are also better positioned to adopt economies of scale for global manufacturing and emerging industry 4.0 technologies. No doubt MSMEs are the backbone of the economy, but large companies would drive growth and create large scale employment, which in turn would become the platforms for MSMEs to become more integrated.

Labour advantage may not be the only cost arbitrage for project viability. COVID-19 pandemic has already accelerated the process of digital manufacturing by at least 3-4 years. Through extensive use of digital technology, manufacturing facilities are becoming significantly more efficient. Supply chains are transforming as convergence of additive manufacturing (3D printing), artificial intelligence (AI), robotics and internet of things (IoT) is dramatically altering the global production landscape, helping switch to just-in-time models. This would raise the quality and speed of decision-making and help to reduce costs.

Digital technologies have led to the introduction of several new innovative business models that might have been deemed impossible just a few years ago. It also helps to create more value through platforms, ecosystems and partner networks rather than doing it all alone. One may even look at subscription-based models or pay-per-use and offer product as a comprehensive service to enhance revenue streams and foster stronger relationships with customers. But not everything needs to be digital. An effective new business model is one that strikes the right balance and integrates the digital, physical and human world. With greater automation becoming the norm in every sector, nature of jobs has also changed, creating a demand for specialist workers. With an eye on this, India needs to

develop / improve the skill of its workforce for it to become a preferred global manufacturing hub.

Digitising land records can significantly limit risks in land procurement, by making the process less time-consuming and cost-diminishing while measures like land pooling can enhance the state land bank for industrial use.

It is equally important to facilitate access to land banks for new investors. Digitising land records can significantly limit risks in land procurement, by making the process less time-consuming and cost-diminishing while measures like land pooling can enhance the state land bank for industrial use. According to McKinsey, unlocking supply in land markets can reduce land costs by 20-25 per cent. Government's GIS-enabled India Industrial Land Bank (IILB) is a one-stop source of information related to industrial infrastructure, providing details on 6 lakh hectares, at the click of a button.

India's integration with global value chain started a decade back with FTAs with ASEAN, Japan and Korea. But they did not help in our export competitiveness in a big way due to lopsided nature of offers granted. Government has now ensured that FTAs are more balanced, with more focus on Non-Tariff Barriers (NTBs) that are more restrictive than existing tariffs. This new approach is already observed in the latest pacts signed with UAE and Australia and the same is applied for the ones that follow, viz. UK and the EU.

Corporate India's financial muscle has also improved due to significant deleveraging over the past few years. Moreover, faster resolution of stressed businesses through bankruptcy laws has enabled effectual movement of capital from inefficient firms to efficient ones. Access to capital, either through equity markets or debt financing has also improved substantially to help India Inc. to onboard this new journey.

According to a recent BCG study, India is gradually emerging as a favoured destination, along with Mexico and South-East Asia. Major companies such as Apple are increasingly diversifying their supply chains and shifting key products to India. FDI received by India in last 5-6 years alone have accounted for more than half of total FDI since liberalization of early 1990s. More significantly, these investments came in diverse sectors from highly sophisticated areas such as engineering, biotechnology and pharmaceuticals to resource intensive industries like food processing and chemicals. India also attracted large scale investments in labour intensive manufacturing processes of electronics, textiles and footwear industries. A confluence of Government's active policy intervention and the readiness of corporate sector to join the bandwagon will create space for further growth and entrench India as a global manufacturing hub.

- Harsh Pati Singhania *is Past President, FICCI and Director, J.K. Organisation*

22 India's Robust Economic Growth Takes Centre Stage on the Global Platform

- Sandip Somany



The progress of a developing nation is interpreted by its consistent economic growth, self-reliance, advancement in entrepreneurship, industrial growth and its contribution to the global economy. India, as one of the leading economies, has consistently made headlines in the global arena. According to the International Monetary Fund (IMF), India is the world's fastest-growing economy and will be the third largest by FY27, overtaking both Japan and Germany with an estimated GDP of US$ 5.2 trillion by FY26. Concurrently, there is a potential for India's global exports to double and the Bombay Stock Exchange (BSE) is positioned for an 11 per cent annual growth, ultimately reaching a market capitalisation of US$ 10 trillion within the next decade. This trajectory aligns with India's aspirations to transform into a developed nation by 2047.

India's growth is multifaceted and driven by various strategic initiatives, including its focus on digital transformation and strengthening small businesses, G20 presidency, growing foreign investment, implementation of the Production Linked Incentive (PLI) scheme and the formulation of National Logistics policy, enactment of the Goods and Services Tax policy, among others.

UPI, a game changer in India's growth engine

Over the last few years, India has witnessed enhanced macroeconomic stability backed by digital transformation. For instance, the introduction of Unified Payment Interface (UPI) has revolutionised India's economy by facilitating digital payments even in villages. The impact has been particularly significant for Small and Medium-sized Businesses (SMBs) and Micro, Small and Medium Enterprises (MSMEs), experiencing substantial growth attributed to the simplified payment processes. Ever since its inception in 2016, UPI has disrupted the digital payments landscape recording more than 8,600 million transactions in over INR 14 lakh crores in value as of March 2023. Also, the market share of UPI has

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increased from 2 per cent in 2016-17 to 52 per cent in 2021-22. The growth of unique users has seen a substantial increase, surpassing 300 million users by the end of 2022. UPI has also gained recognition globally with countries, such as France, Bhutan, Oman, UK, UAE and Nepal adopting this digital payments mode.

Entrepreneurship and Ease of Doing Business

The Indian government has implemented various reforms spanning the entire business life cycle, which has propelled India's ranking in the World Bank Group's Ease of Doing Business index from 142 to 63 in just seven years. These reforms have streamlined the processes by reducing the time taken for starting a business, fast-tracking various permissions required by businesses, facilitating faster imports and exports and speeding up the resolution of commercial disputes.

For instance, the flagship 'Make in India' initiative has played an instrumental role in ensuring the Ease of Doing Business by attracting more domestic and international companies to invest in India. Also, the reforms in FDI, GST, robust infrastructure and the introduction of a single window for all import and export transactions, among others, have provided the much-needed boost to India's business ecosystem across industries. And the ongoing collaboration among the government, businesses and stakeholders will further enhance the overall business environment.

The G20 Presidency

The success of the G20 presidency affirms India's leadership on the global stage. The G20 Summit resulted in several key outcomes, including the membership of the African Union, MoU for the formation of India-Middle East-Europe Economic Corridor, a unanimous 'G20 New Delhi Leaders' Declaration' on all developmental and geopolitical matters, consensus on Climate Change, Global Biofuel Alliance among others. The Summit showcased India's abilities as a global leader, fostering economic integration and connecting Asia with Europe through the India-Middle East-Europe Economic Corridor.

Robust Infrastructure

In recent years, India's growth narrative has been closely intertwined with an emphasis on infrastructure development. The infrastructure sector in India is poised to grow at a CAGR of 8.2 per cent by 2027. The launch of a quadrilateral economic forum by India, the US, Israel and the UAE in November 2021 has enhanced the outlook for infrastructure growth. The Smart Cities Mission is reshaping urban landscapes and fostering modern, technology-driven urban centres. Moreover, significant investments in renewable energy infrastructure underscore India's commitment to sustainable development, aligning with global goals. The government's National Infrastructure Pipeline (NIP) combined with other initiatives, such as 'Make in India' and the production-linked incentives (PLI) scheme, will augment the growth of the infrastructure sector.

Rapid progress in improving logistics under National Logistics Policy (NLP)

> *The introduction of Unified Logistics Interface Platform (ULIP) with NLP to integrate 34 logistics related functions is a remarkable move to ensure digital integration in the logistics sector.*

Ever since its launch in September 2022, the NLP has been instrumental in driving economic growth and business competitiveness. The NLP aligns with the PM's GatiShakti initiative, fostering economic growth, creating employment opportunities and bolstering the competitiveness of Indian products in the global market. The introduction of Unified Logistics Interface Platform (ULIP) with NLP to integrate 34 logistics related functions is a remarkable move to ensure digital integration in the logistics sector. Its success can be attributed to the substantial industry support it has garnered. As of September 2023, over 614 industry players have registered on ULIP, 106 private companies have signed NDAs and 142 companies have submitted 382 use cases to be hosted on ULIP.

Growing Foreign Investment

Over the past decade, India has solidified its position as a favoured destination for foreign investment, experiencing a remarkable surge in annual Foreign Direct Investment (FDI) inflow where in FY22, it recorded the highest-ever annual FDI inflow of US$ 83.57 billion compared to US$ 45.15 billion in FY15. It has made significant strides in the business environment, progressing from the 14th rank during the period 2018-22 to now holding the 10th position for the period 2023-27. The government has implemented pro-growth reforms and initiatives for Ease of Doing Business, which have reduced around 40,000 compliances, leading to an improvement in the industrial ecosystem and attracting global investors.

Goods and Services Tax (GST)

The Goods and Services Tax has successfully created a unified national market while dismantling internal trade barriers for India's extensive population of over 1.3 billion people. The GST's impact extends to fostering economic activity within the formal sector, leading to the creation of higher-quality and more dependable jobs. It, in turn, is anticipated to improve the overall productivity and contribute to medium-term potential growth. Furthermore, the GST provides the government with additional fiscal space, enabling increased allocations for critical social and infrastructure spending- a pivotal aspect for India's ongoing development.

Way Forward

To sustain rapid growth and raise incomes for the people in the country, India must not only build upon the successful reforms but also address key areas for improvement. Lowering high tariffs, revisiting protectionist policies and relaxing limits on foreign ownership will foster a more open and globally connected economy. Also, the implementation of the insolvency and bankruptcy code will streamline creditor-debtor relationships, empower creditors and enhance corporate repayment discipline. Simultaneously, policy and judicial reforms are essential, creating an environment for economic growth by ensuring legal certainty, encouraging investment, protecting property rights, reducing corruption and facilitating business operations.

With the remarkable advancements in the economy and the broader business ecosystem, India is firmly on track to achieve its goal of becoming a US$ 5 trillion economy by FY26, underpinned by strong growth in private consumption and investment. As India continues to embrace a trajectory of development and modernisation, these transformative initiatives will collectively aid in India's long-term economic prosperity, resilience and global competitiveness.

- Sandip Somany *is Past President, FICCI and*
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23 India's Pivotal Role on the Global Stage: A beacon of growth amidst global challenges

- Jyotsna Suri



In an era marked by uncertainty and global challenges, India has emerged as a beacon of hope and growth on the international stage. While the world grapples with a gloomy economic outlook, India stands tall, imparting a significant growth momentum that is not only crucial for its own development but also for providing a positive influence on the global landscape.

Over the past two decades, India has consistently maintained an annual GDP growth rate averaging 6 to 7 per cent. Historically, until the early 19th century, the Indian subcontinent held the position of world's largest economy. As of 2022, India contributed 7.2 per cent to the global economy in PPP terms and approximately 3.4 per cent in nominal terms. During the period 2006 to 2023, India's GDP growth averaged 6.15 per cent, reaching a peak of 8.7 per cent in 2022 and a low of -6.6 per cent in 2021. This economic performance propelled India to surpass the United Kingdom, securing its position as the world's fifth-largest economy, following the United States, China, Japan and Germany. Amid global uncertainties, a real GDP growth of 6-6.5 per cent is considered the new normal and India is poised to ascend to the rank of the third-largest economy over the next few years.

One of the key aspects highlighting India's importance globally is its economic resilience. Despite the ongoing global economic challenges, India has maintained a steady growth trajectory. The country's large and diverse economy has proven to be robust, showcasing resilience even in the face of external shocks. This resilience is not only beneficial for India but also contributes to stabilizing the global economic environment.

India's prowess in the technology sector has been a driving force behind its global significance. The country has become a hub for innovation and digital transformation, with a thriving startup ecosystem that rivals those in Silicon Valley. Indian tech companies and entrepreneurs are making waves globally, contributing to advancements in fields such as artificial intelligence, fintech and biotechnology.

Situated at the crossroads of Asia, the Middle East and Africa, India serves as a crucial player in regional stability. Its diplomatic efforts and partnerships foster peace and cooperation, contributing to the resolution of conflicts and promoting global security. India's commitment to a multipolar world order ensures a balance of power and helps prevent the domination of any single nation, fostering a more stable international environment.

India played a pivotal role in the G20 as a major emerging economy, contributing significantly to global economic growth and stability. Actively engaging in discussions on trade, investment and

sustainable development, India advocated for inclusive policies that address developmental challenges and prioritize the needs of emerging economies. India brought a diverse and dynamic perspective to the table with its diplomatic efforts emphasizing collaboration, fair trade practices and responses to global challenges. The event showcased India as a key player in shaping international economic policies and fostering a balanced, inclusive and resilient global economy.

> *India's commitment to a multipolar world order ensures a balance of power and helps prevent the domination of any single nation, fostering a more stable international environment.*

In the face of growing environmental challenges, India has taken a leadership role in addressing climate change. The country's commitment to renewable energy and sustainable development is not only commendable but also sets an example for the rest of the world. With ambitious targets for renewable energy adoption and efforts to reduce carbon emissions, India is actively contributing to the global fight against climate change. As countries around the world seek solutions to environmental crises, India's initiatives resonate as a model for sustainable development.

The recent global health crisis brought about by the COVID-19 pandemic underscored the importance of international cooperation in healthcare. India, with its pharmaceutical industry's strength and expertise, played a pivotal role in providing affordable and accessible vaccines to countries around the world. Through initiatives like COVAX, India contributed significantly to the global vaccination drive, showcasing a sense of responsibility and solidarity. This proactive engagement in global health issues positions India as a reliable partner in addressing challenges that transcend national borders.

Keeping the health and nutritional benefits of millets in mind, India proposed the year 2023 be declared as the International Year of Millets by the United Nations to raise awareness about millets and their suitability for cultivation under adverse and changing climatic conditions.

India's active participation in international trade and economic partnerships further cements its role on the global stage. The country has been proactive in engaging with regional and international trade blocs, fostering economic cooperation and creating opportunities for growth. As the world navigates complex trade dynamics, India's role as a significant market and a key player in global supply chains becomes increasingly vital for maintaining a balanced and resilient global economy.

Beyond economic and political contributions, India's rich cultural heritage and soft power play a crucial role in shaping global perceptions. From bollywood to traditional arts, yoga and cuisine, Indian culture has a universal appeal. Cultural diplomacy initiatives, such as the International Day of Yoga and collaborations in

> *India's active participation in international trade and economic partnerships further cements its role on the global stage.*

the fields of art and literature strengthen people-to-people ties and promote mutual understanding. India's cultural influence serves as a bridge, fostering connections and building relationships across borders.

In a world facing myriad challenges, India's role on the global stage is undeniably significant. The country's economic surge, technological advancements, strategic geopolitical position, commitment to addressing climate change, contributions to global health, active participation in trade and rich cultural heritage collectively position India as a beacon of growth and hope. As the rest of the world grapples with uncertainties, India's positive influence stands as a testament to the power of collaboration, innovation and a shared commitment to a better future for all.

- Jyotsna Suri *is Past President, FICCI and Chairperson and Managing Director, The Lalit Suri Hospitality Group*

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Established in 1927, Federation of Indian Chambers of Commerce and Industry (FICCI) is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialisation, and its emergence as one of the most rapidly growing global economies.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. From influencing policy to encouraging debate, engaging with policy makers and civil society, FICCI articulates the views and concerns of industry. It serves its members from the Indian private and public corporate sectors and multinational companies, drawing its strength from diverse regional chambers of commerce and industry across states, reaching out to over 2,50,000 companies.

FICCI provides a platform for networking and consensus building within and across sectors and is the first port of call for Indian industry, policy makers and the international business community. FICCI's vision is to be the thought leader for industry, its voice for policy change and its guardian for effective implementation.

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