

India can lead, despite an uncertain world

It's many advantages can be strengthened through holistic strategies that incorporate cross-sectoral issues



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The last year has seen consolidation of several trends that have impacted the economic and business environment for India. A pushback from globalisation presents a unique challenge to development, while technology advancements can disrupt conventional modes of production and consumption. Demographic changes with a growing workforce in some economies and contractions in others, the rise of new consumers and shifting supply chains are other systemic trends that India has to deal with.

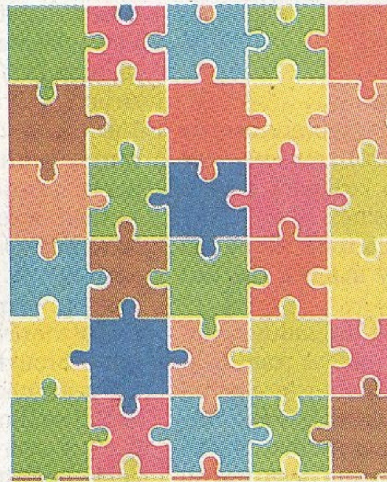
On the plus side

Yet, India is well-positioned to capture a leadership position in many areas if it strategises correctly. Happily, the Government is keen to con-

tinue strongly on the reforms and liberalisation process.

India's inherent advantages include its expanding workforce and consumer markets, rapid urbanisation, growing education and skill capabilities, stronger technology adaptation, and potential for driving exports as a growth driver. Our vibrant entrepreneurial class is exploring avenues in new technologies and across the world. India is already a leader in several areas. The third largest economy in purchasing power parity and the fastest growing large economy of the world, it is home to some of the most thriving markets, from automobiles and aviation to mobile connectivity and renewable energy. It is also the third largest base of startups in the technology sector.

The country faces numerous challenges that need to be resolved through holistic strategies that incorporate cross-sectoral issues. In the immediate term, revival of consumer demand is a challenge despite MGNREGA, the 7th Pay Commission and agricultural growth. Global demand too remains subdued. The spike in NPAs of banks at over 11 per cent is hindering new in-



Firm connections Across the board
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vestments. The administrative processes for a facilitative business climate continue to be lengthy and complex.

The Government's policies are helping to a significant extent. Recent measures such as progress on GST, reduction in corporate income taxes for smaller companies, mission mode work on ease of doing business and many sectoral actions together set a sound platform for leadership. Infrastructure pro-

grammes such as Sagarmala for port-led development, railway modernisation and upgradation, and new roads and highways are driving new connectivities across the country. Urban development and power sector too have receive attention.

Looking ahead

The critical challenge is technology advance which is ushering in a new economy. The fourth industrial revolution of technologies such as 3D printing, automation, robotics, big data, and so on will create new manufacturing processes. Increasing convergence of manufacturing, services and technology results in new products and new markets for a rising 'shared economy'.

At the CII annual session held this week, the discussions focussed on the future of globalisation, the areas where India can lead, and what needs to be done to achieve the goals. There was universal consensus that India can rapidly emerge as a global leader. Finance Minister Arun Jaitley noted that India's strengths — a large domestic market, a rich reservoir of human capital, steadfast commitment to

reforms — can help the country emerge as an attractive business destination. While our capability to deliver on services to the world is without question, this should be extended to improve our manufacturing capabilities as well.

Manufacturing, renewable energy, electric mobility, railways and aviation present substantial opportunities for global leadership. The States will play a growing role in India's development in the spirit of cooperative and competitive federalism. Strategic policies can change agricultural and industrial climate of a state. Speakers pointed out that protectionism is not new and India should be able to build its global presence through exports. India must internalise high standards and encourage digitisation and innovation.

Industry too must step up its R&D engagement. Currently, Indian companies spend just 0.3 per cent of GDP on R&D compared to the global average of 1.5 per cent. This needs to be scaled up five times. India's rise in an uncertain world will be the next big development.

The writer is the director-general of CII