

HOW INDIA HELD ITS OWN AMID GLOBAL CHAOS

**CHANDRAJIT
BANERJEE**



Director General, Confederation
of Indian Industry

Despite multiple challenges to growth, first the pandemic and then the war in Ukraine and all their concomitant macroeconomic shocks, India is poised to resume its journey towards becoming a \$5-trillion economy. At this juncture, it is pertinent to take stock of the government's initiatives that are slowly unlocking India's potential.

Over the past eight years, the government has made many pro-growth interventions at an unprecedented pace. An impressive agenda of economic reforms and social programmes has been unfurled. Policies extend to multiple sectors of the economy and their implementation has been of high priority.

These bold actions have transformed the economy and helped script a new narrative of 'growth with inclusion'. At a time when the global economy is stressed, India has been able to hold its own and don the mantle of being the fastest growing major economy in the world.

The macroeconomic fundamentals of the Indian economy remain strong. Although India is not insulated from the slowdown in global growth, it is likely to continue as the fastest growing major economy this year as well. Foreign exchange reserves are strong. Performance on exports and FDI continues to be robust.

Tax collections remain buoyant, credit offtake is picking up and green shoots of private investments are becoming visible. The coordinated interventions of the government and the Reserve Bank of India should lead to sobering inflation. From an industry perspective, five key prongs of the government's economic strategy stand out—infrastructure, manufacturing, entrepreneurship, sustainability and the social sector.

The first prong, infrastructure building, enhances the efficiency of the economy, creates jobs and attracts private investments. The massive National Infrastructure Pipeline (NIP), comprising more than 9,300 projects worth around \$1.8 trillion, provides a big boost to the expansion of roads and highways, ports, airports, railways, urban infrastructure, communications, renewable energy, water and sanitation and social infrastructure of health and education.

The digitally-enabled Gati Shakti programme will allow for better planning, coordination, and execution of infrastructure projects across the country. The National Bank for Financing Infrastructure and Development (NaBFID) will help fund the infrastructure plans. Further, the National Monetisation Pipeline

(NMP) unlocks government resources in operational assets, which can be invested in the riskier greenfield infrastructure projects.

A modernisation programme for railways is underway, including station upgradation. Besides, the government is working on an ambitious plan to develop India's long coastal network through new ports, coastal development zones, and inland waterway connectivity.

The second prong of the government's strategy is the focus on manufacturing, with the ambition of making India a factory to the world. Indian manufacturing has lacked scale, which is critical for achieving global competitiveness. The Production Linked Incentive Schemes (PLIs) aim to build global champions in 14 identified sectors. The change in the definition of the MSMEs will encourage them to scale up and adopt technology and other modern practices creating a vibrant ecosystem to support the manufacturing of Original Equipment Manufacturer (OEMs).

Reforms such as codification



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of labour laws, digitisation and simplification of business regulations, reduction in corporate tax rates and a stable and transparent tax system along with skill development under the Skill India programme strengthen India's manufacturing competitiveness. FDI-related reforms have opened up sectors such as mining, defence, space, nuclear energy and others to international players in a big way. The thrust on exports which has resulted in a record-breaking performance vis-à-vis merchandise exports, will also aid manufacturing in India. In addition to the 14 PLIs, the semiconductor mission would be a game changer, as they are the building blocks of all electronics.

The third prong is promoting entrepreneurship by channelising the energy of India's youth. Credit must be given to government policies that the country is leading in the emergence of start-ups. We have the third largest start-up ecosystem today. The number of unicorns in the country has touched hundred which is a testimony to the spirit of entrepreneurship in the country. Startups not only create employment but are also hotbeds of innovation and technology disruptions.

The fourth prong is sustainability. India has not just been focusing on growth and development but has been doing so in a sustainable manner. India's Pan-chamrit has set ambitious targets for reducing its carbon footprint, expanding renewable energy and achieving net zero by 2070.

The fifth prong is the rapid progress of social sector. The Centre has initiated various social security schemes and streamlined the delivery of public goods and services. Schemes such as Jan Dhan Yojana, Ujjwala Yojana, Kisan Samman Nidhi, Ayushman Bharat Yojana, Gar-reeb Kalyan Yojana, Swachh Bharat Yojana, Awas Yojana, and Jal Jivan Mission are laudable initiatives which have led to citizen empowerment.

The government schemes are delivering housing, sanitation, electricity, water, cooking gas, education and healthcare to the most vulnerable in society.

This silent revolution will not only make India a more equitable society but will also expand India's consumer base making growth more broad based and resilient.

The stocktaking of the government's initiatives would be incomplete without a mention of its adept management of the pandemic.

On the economic front, the Centre's targeted fiscal interventions, and continued reforms supported the recovery. On the health front, India undertook the world's largest Covid-19 vaccination, using indigenously manufactured vaccines, and even supplied them and other medical products to other countries.

Given the exemplary vision displayed by the present government and the resolve to implement the same, India is well on the path to be the next big driving force in the world.

(cb@cii.in)