Confederation of Indian Industry

Partnerships for Progress

Mapping New Solutions for the World

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Introduction and Summary

Recent geopolitical developments in late 2024 highlight a range of significant events and trends worldwide:

- Middle East conflicts: The ongoing Israel-Hamas conflict continues with severe escalations. Recent mediation efforts led to temporary hostage exchanges, but hostilities have resumed with intensified military operations in Gaza. Regional tensions remain high as other actors, such as Iran and its proxies, become increasingly involved.
- Indo-Pacific: Military activities have intensified in the Indo-Pacific twin oceans, with nations conducting joint exercises with allies. Trade tensions persist, driven by sanctions and restrictions on key technologies. Diplomatic efforts to de-escalate have had limited success.
- Global energy and food security: Europe grapples with energy challenges stemming from its dependency on Russian gas, exacerbated by the war in Ukraine. Food security issues have risen globally due to geopolitical tensions, disrupting supply chains and causing inflation in vulnerable regions.
- US Presidential elections: The recent elections in the world's largest economy heightened expectations for potential shifts in foreign policy under the new administration. US relations with key regions like the Middle East, China, and Russia could see divergent strategies.
- Climate and water scarcity: Climate change-related challenges are increasingly tied to geopolitics. Water scarcity in areas like South America and Africa is creating regional tensions, while the global energy transition faces pushback from fossil-fuel-dependent nations. Discussions at COP29 resulted in a less than optimal outcome for the fight against climate change.

These developments underscore an era of heightened geopolitical competition and uncertainty, with profound implications for global stability, economies, and international cooperation. Any progress on urgent issues will require global solutions undertaken through dialogue, convergence and unanimity in a partnership mode.

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There is no dearth of global ideas and best practices on resolving the challenges and gaps and progressing towards prosperity in an inclusive and sustainable mode, both for advanced economies and for emerging economies. Bringing together different solutions that can be adapted to different national circumstances is central to implementing what is most likely to work in a given situation, offering a playbook for stakeholders.

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This paper identifies some thoughts on key issues confronting the world.

- The geoeconomic framework for growth needs to be stabilised with volatility and uncertainty within controlled limits. One important way to do this is to expand the participation of the Global South in multilateral institutions, particularly from underrepresented regions like ASEAN, Latin America, South Asia, and Africa.

- Under growth drivers, digital public infrastructure as deployed by India can be a significant global instrument for improving access to public services, driving financial inclusion and enhancing economic empowerment.

- The future of industrialisation depends greatly on the wider dissemination of emerging technologies, for which the financing gap must be addressed. Social impact bonds and encouragement to private sector players in AI training can provide a viable option.

- The de-risking of global trade has emerged as an imperative and it is vital to build resilient and diversified global value chains. Shaping stable investment environments across nations to encourage the cross-border flow of investible funds will be a key path to this objective and bilateral investment treaties to protect investors should be considered.

- With technology and innovation gaining speed, bridging gaps in R&D and skills is a significant challenge for the world. The private sector must be involved in reskilling and upskilling to cater to evolving deficits and strengthen the capabilities of the workforce to drive the change.

- On the sustainability and climate action front, the world has been working towards the Paris Agreement targets. Decarbonisation of certain industry sectors can be accelerated through scalable mechanisms that can be developed sector by sector and country by country, following proven best practices.

- The inclusion conundrum derives much from the inadequate participation of women in the global economy. Community-driven digital hubs, offering free internet access and mentoring programmes, especially in remote and backward areas, can help underrepresented groups, including women, access digital learning and skills in closing the digital divide.

These are just some of the ideas that should be implemented through global partnerships at scale to ensure progress for all.

The Geoeconomic Framework

State of the world

The world has become increasingly volatile over the past few years with conflicts emerging across regions and distinct political and economic blocs emerging.

The Russia-Ukraine and Israel-Hamas conflicts have fragmented global order and caused significant challenges in global trade. The rise of direct attacks on supply chains from insurgents in the Red Sea and sanctions on parties involved in direct conflicts have resulted in significant economic shifts in global oil and supply chain markets.

Further, 2024 has been a year with significant political developments with many democratic nations including India, United States, United Kingdom, Germany, and Japan shifting political leadership in the past year. More than 4 billion people across 76 countries will vote this year. The rise of protectionism and nationalism has been a defining trend of the past year with countries imposing tariffs to combat dumping of manufactured goods, protect domestic industry and economies, and incentivise sustainable manufacturing.

Greater emphasis on isolationist trade policy and tariff restrictions prevents global trade from growing and negatively impacts exporters. The continued weakening of multilateral institutions and overreliance of nations on singular trade partners fundamentally disincentivises trade diversity and creates an imbalance of economic power.

As a result, prospects for global trade are moderating, subduing a potent force for global growth. According to the World Inequality Report 2022, wealth of the poorest half of the global population is about Euro 2900 per adult in purchasing power parity terms, while the top 10% owns about 190 times of this level. Similarly, income inequalities abound with the poorer half earning about 8.5% of all income, compared to the richest 10% at 52% of all income.

Inequalities also exist across development levels of countries, different factors of production, access to finance, gender, access to technology and different firm sizes. Rather than closing the gap, the world is seeing a widening of inequalities of different kinds, which is weakening productivity, flows of capital and overall growth forces.

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India's outlook

India's growth story represents a remarkable transformation, fuelled by its vibrant demography, progressive policies and focussed investments in infrastructure and technology. On the path of becoming a USD 5 trillion economy by 2027, India's growth trajectory is underpinned by a combination of modernisation, sustainability, and, importantly, global collaboration.

On the global stage, India's economic strategy has been revitalised in the last decade. Numerous international engagements by Hon'ble Prime Minister Shri Narendra Modi and other ministers have strengthened India's outreach to the world. India's overseas engagement spans trade and investments, technology partnerships, sustainability collaborations and people-to-people relations, with industry participation being accorded high priority.

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The growth in trade has been due to a slew of significant Government initiatives like the production linked incentive schemes, Make in India mission, and Aatmanirbhar Bharat (Self-reliant India) mission, which have encouraged FDI and domestic production. For example, India's mobile phone exports have crossed USD 2 billion recently.

Inflows of foreign direct investment (FDI) too are a success story for India, reflecting confidence in its future growth. Total FDI to the country in the last 24 years crossed a cumulative USD 1,013.4 billion. Nearly two-thirds of this inflow came into the Indian economy over the last decade alone. Similarly, forex reserves have been robust, mirroring the strength of the economy.

Indian industry has aligned with governmental policies and is emerging as a leading global player in several sectors. Today, India remains the largest exporter of IT services and with close to 1,800 global capability centres, it delivers competitive design and development services to global majors. India is also the fourth largest market for renewable energy and a vibrant and dynamic startup hub, providing tech-based solutions in sectors ranging from agriculture to space. It is among the top global producers for various agricultural products. It finds a place in the top five spacefaring nations, with its stake in the global space economy valued at USD 8.4 billion. This figure is projected to soar to approximately USD 44 billion by 2033.

India's GDP is projected to grow rapidly in coming years and the country will remain as one of the fastest growing major economies in the next three years. This presents a unique opportunity for India and its investors and partners.

India has invested significantly in promoting the country as an attractive trade and investment destination through ease of doing business and promotional policies. Additionally, India is investing significantly in its infrastructure through the National Infrastructure Pipeline as well as in infrastructure projects abroad like the Haifa Port, a crucial component of India's India-Middle East-Europe Economic Corridor (IMEC) that promises to improve linkages between the Mediterranean and India.

As India is becoming a dependable and integral component to global trade, it is also exposing itself to global uncertainty. However, given its strong macroeconomic fundamentals, rising workforce, technological capabilities and entrepreneurial

capacities, along with a clear and intensive reform agenda, India emerges as a significant partner of choice for global businesses.

Solving geoeconomic uncertainties

Stabilising global trade and addressing geopolitical uncertainty is the most integral step that India and its economic partners can take to not only grow the India-world trade partnership but also improve prosperity for all.

One potential step that nation-states could take to stabilise geopolitical and geoeconomic uncertainty is improving participation in multilateral institutions from stakeholders in the Global South, particularly from underrepresented regions like ASEAN, Latin America, South Asia, and Africa. By increasing participation in multilateral institutions like the United Nations through reforms to the Security Council and greater addressal and enforcement mechanisms of the International Court of Justice (ICJ), the global community would benefit from more equitable and balanced multilateral institutions that can impartially address and resolve conflicts.

Another potential step that nations could take to improve the global geoeconomic climate would be to encourage diplomacy and increase mediation in conflicts. By working with both sides and addressing concerns and demands openly, mediator nations like India could help facilitate a peaceful conclusion to global conflicts and stabilise global supply chains and markets. Furthermore, greater cooperation on security, particularly in areas with high trade volumes like the Red Sea and Western Mediterranean regions, would improve supply chain efficiency and safeguard goods shipments from potential threats.

Improving dispute resolution and developing multilateral frameworks on arbitration through bodies like the G20 and B20 could help improve efficiency in trade and increase transparency between nations. Regional economic cooperation and dialogue and negotiation could be areas of focus when developing these frameworks, and would, therefore, increase the efficiency and operability of trade channels.

Finally, reforming the global financial system to improve access to financing, particularly to those from underrepresented communities, could foster greater global

trade openness and inclusivity. By providing underrepresented nations pathways to industrialise and contribute to global trade, trade diversification improves, and talent emerges and contributes to the global economy.

India and its partners must work together to not only address current trade shortfalls and restrictions in the current environment but also to build and maintain institutions and mechanisms that ensure more safe, secure, and equitable trade channels for the global community.

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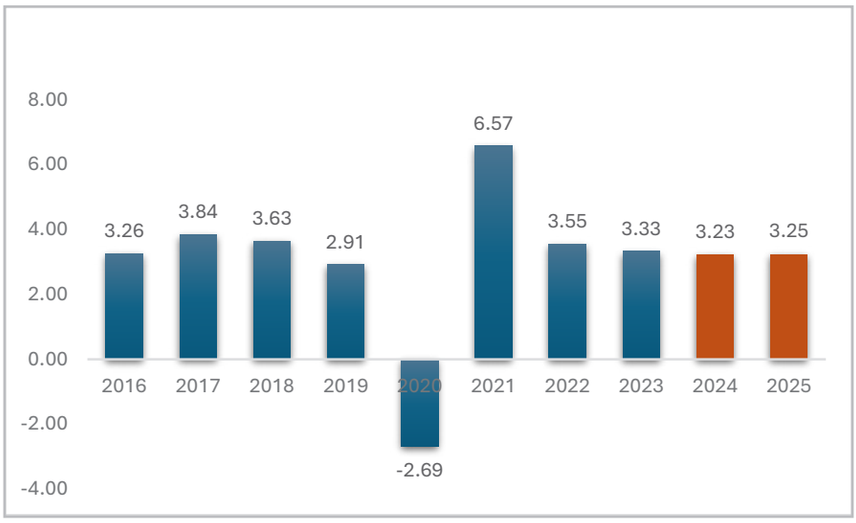
Driving Growth through Partnerships

Current Global Growth Prospects

The world economy faced substantial headwinds in the recent past, including the Covid-19 pandemic and several geopolitical conflicts that disrupted international trade flows and led to high global inflation. As a result, global growth prospects continue to be sluggish amidst heightened global uncertainty.

In the aftermath of the ongoing conflicts, particularly involving a large energy exporter (Russia) and a significant grain basket (Ukraine), the world combated elevated inflation rates, with inflation reaching a peak of 9.4% in the third quarter of 2022. To address high inflation, major central banks around the world responded with

Gross Domestic Product, constant prices, % change between 2016 and 2025



Source: World Economic Outlook Database, October; 2024 & 2025 are projections

contractionary monetary policies. As a result of these measures, global headline inflation has steadily declined in the recent past and is projected to reach 3.5% by the end of 2025. Central banks across major economies are now climbing down from the unprecedented high interest rate regimes instituted to fight price rise.

As policy rates are expected to return to their natural rates and the impacts of war-related disruptions recede, global growth is expected to stabilise. As per the International Monetary Fund (IMF) World Economic Outlook (WEO) October report, the global economy is projected to grow steadily at the rate of 3.2% in 2024 and 2025.

Global Growth (WEO) Projections, %

	2023	2024	2025
World Output	**3.3**	**3.2**	**3.2**
Advanced Economies	**1.7**	**1.8**	**1.8**
United States	2.9	2.8	2.2
Euro Area	0.4	0.8	1.2
Japan	1.7	0.3	1.1
United Kingdom	0.3	1.1	1.5
Emerging Market & Developing Economies	**4.4**	**4.2**	**4.2**
Emerging and Developing Asia	5.7	5.3	5
China	5.2	4.8	4.5
India	8.2	7	6.5
Emerging and Developing Europe	3.3	3.2	2.2
Middle East and Central Asia	2.1	2.4	3.9
Latin America and the Caribbean	2.2	2.1	2.5
Sub-Saharan Africa	3.6	3.6	4.2

Source: World Economic Outlook, October 2024

As per the International Monetary Fund (IMF) World Economic Outlook (WEO) October report, the global economy is projected to grow steadily at the rate of 3.2% in 2024 and 2025.

Advanced economies are expected to grow only moderately at the rate of 1.8% in 2024 and 2025, as they continue to combat high inflation and stagnating growth. Growth in advanced economies is expected to be led by the United States, which is projected to grow at the rate of 2.8% in 2024, before moderating at 2.2% in 2025. Growth in the Euro area moderately improved from 0.4% in 2023 to 0.8% in 2025 and is expected to further increase to 1.2% in 2024, primarily driven by recovery in external demand and export growth.

Japan's economy is expected to record slower growth in 2024 at 0.3%, in contrast to 1.7% in 2023, mainly due to slower export and industrial growth. However, with a gradual pick up in global demand and higher services sector growth, the economy is expected to grow by 1.1% in 2025. Growth in the United Kingdom is also expected to increase from 1.1% in 2024 to 1.5% in 2025, with the easing of inflationary pressures and higher demand.

The emerging market and developing economies are expected to grow robustly at 4.2% during 2024 and 2025. The emerging and developing Asian region is expected to grow at the rates of 5.3% and 5% in 2024 and 2025 respectively, with China and India as the two key drivers of economic growth.

India continues to be the fastest-growing large economy globally and is projected to grow at the rate of 7% in 2024 and 6.8% in 2025. China's growth is expected to slow from 5.2% in 2023 to 4.8% in 2024 and growth is projected to further slow to 4.5% in 2025. Deflationary pressures and the contraction in the property sector are key reasons behind China's growth slowdown.

While growth in emerging and developing Europe is expected to slow in 2024 and 2025, the Latin America and Caribbean and Sub-Saharan African regions are projected to grow steadily during 2024 and 2025, with the gradual easing of supply chain constraints. The Middle East and Central Asian region is also expected to grow positively at 3.9% in 2025, up from 2.4% in 2024 as the negative impacts of the ongoing geopolitical conflicts gradually subside.

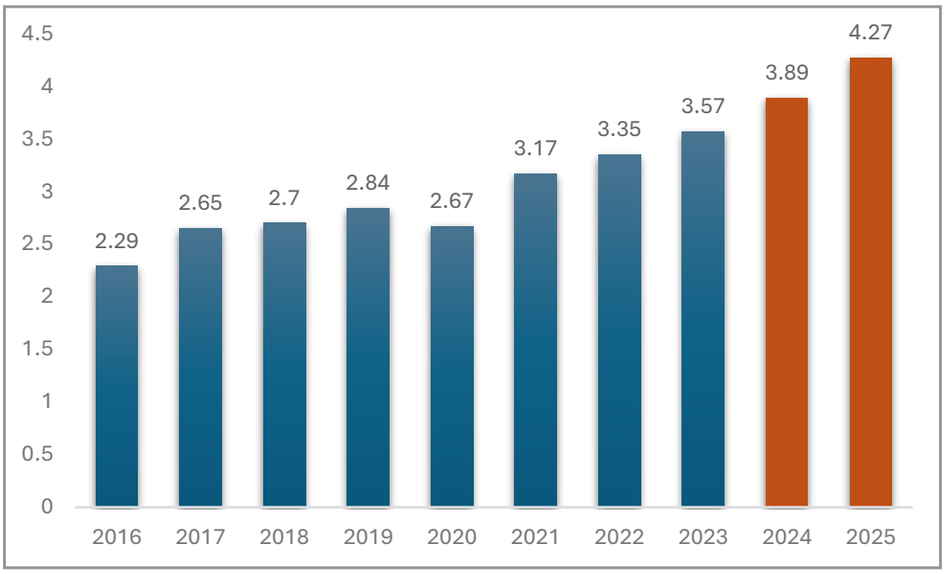
India's role

Despite a challenging global environment, the Indian economy continued to grow on a strong trajectory and cemented its position as a growth leader in the world.

With a GDP of USD 3.8 trillion, India is the fifth largest economy in the world and is expected to become the third largest by 2027, with a GDP of USD 5 trillion. It is projected to grow at a robust rate of 7% in 2024 and 6.5% in 2025, as per WEO projections.

Displaying resilience, real GDP in India grew at the rate of 8.2% in FY 2023-24 surpassing the 7% growth recorded in FY 2022-23. This was supported by robust public infrastructure investment, strong growth in manufacturing and services sectors, and robust foreign investment inflows. Notwithstanding the Covid-19 pandemic and other global disruptions, India received the highest FDI inflows during FY 2021-22 at USD 84.84 billion.

India GDP, current prices, USD billion (2016-2025)



Source: IMF Datamapper, 2024 and 2025 are projections

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India's external sector exhibited fortitude amidst global vulnerabilities, with India recording its highest-ever exports of USD 777 billion in 2023-24. Indian exports continue to grow on a positive trajectory, with exports for October 2024 estimated at

USD 73.2 billion, recording a growth rate of more than 19% over the corresponding period last year. India's service exports have also grown significantly and accounted for 44% of India's total exports in FY 2023-24. The phenomenal growth in services exports has positioned India as the seventh largest services exporting country globally.

A strong and aggressive reform agenda pursued by the Indian Government along with potent domestic growth drivers has fuelled a swift economic recovery post-pandemic and put growth back on track. Key reforms and incentives including Make in India and the Production Linked Incentive (PLI) schemes across 14 champion sectors to boost domestic manufacturing, the landmark Goods and Services Tax (GST), the introduction of the Insolvency and Bankruptcy (IBC) code and other major banking and financial sector reforms, various Ease of Doing Business measures and a progressively liberalised FDI regime have positioned India as a preferred investment destination globally. Programmes such as Digital India and Startup India have promoted digitalization, encouraged innovation and entrepreneurship, and enhanced the global competitiveness of the Indian economy, while placing India on a strong global footing.

An idea for the world: Digital Public Infrastructure

Infrastructure is a key driver of economic growth and is a strong catalyst for achieving long-term sustainable development. With rapid advancements in technology, digital public infrastructure (DPI) has become a central component of infrastructure, with the pace of digitization accelerating manifold in the aftermath of the Covid-19 pandemic.

DPI has played a pivotal role in India's economic transformation and India's expertise in using digital technologies is now recognized globally. India's DPI has boosted socio-economic development by facilitating social and financial inclusion and promoting governance and citizen efficiency.

Successful digital interventions such as Aadhar, the world's largest digital identity programme, Unified Payments Interface (UPI) with the highest digital transactions in the world (INR 251 trillion/USD 3 trillion approx. in September 2024), and Open Network for Digital Commerce (ONDC), among others, have transformed the Indian digital and financial landscape and worked as a key growth driver.

Going forward, integration of AI and emerging technologies with DPI could significantly enhance public service delivery in India and can encourage implementation of real time data-driven decision making. By leveraging its various digital interventions such as Aadhar and UPI, among others, India can create a secure, accessible, and high-impact ecosystem for AI development. AI-driven solutions can be applied across multiple sectors and can offer personalised citizen services, optimise supply chain solutions, bolster cybersecurity measures and safeguard privacy, foster financial and digital inclusion and drive innovation and further bolster economic growth prospects.

India through its G20 presidency highlighted the role of DPI as a pivotal tool in accelerating economic development, particularly in the Global South. India's DPI ecosystem or India Stack has emerged as a global model for fuelling economic growth and has positioned India as a leader in digital innovation, technology and inclusive development.

Infrastructure development in India including DPI is also expected to have multiplier effects across the economy through job creation, enhanced demand, and improved short-term and long-term growth prospects. Robust and modern physical infrastructure alongside digital frameworks will strengthen India's position further as a preferred global investment decision.

With its immense potential in transforming public service delivery, India's robust DPI presents many opportunities for global collaboration and attracting global investments.

As a leader in DPI, India can leverage its position as a repository of best practices and foster greater collaboration towards global standards in digital governance.

Greater international cooperation and partnerships will facilitate exchange of best practices, technology and knowledge that will help shape the future of DPI that can be used by all countries.

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The Future of Industrialisation

The world is being driven by the Fourth Industrial Revolution (4IR) which aims to lower the role of humans while integrating advanced technology in the industrial landscape. Artificial Intelligence, Big Data, Internet of Things (IoT), Sensors, Blockchain and Cyber Physical Systems are some of the technologies being used in 4IR.

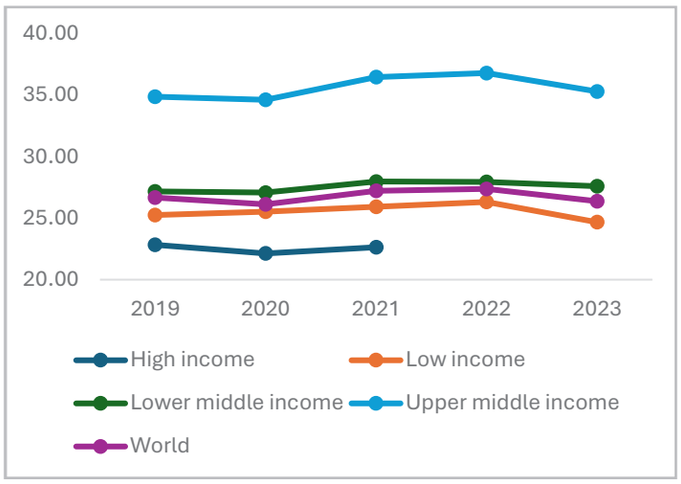
Industry 5.0, on the other hand, builds on the technologies offered by its predecessor and prioritizes societal values over economic benefits. Industry 5.0 is not only human-centric, sustainable and resilient but it also contributes to achieving Sustainable Development Goals (SDGs).

However, despite technological advancements, the world in the last five years has faced several challenges in the form of COVID-19, geopolitical headwinds in Middle East and Europe, natural disasters and extreme weather events, rise of cybercrime and extensive involuntary migration.

In this context, the Industrial Development Report 2024 highlights two major challenges for the industrial sector. First, the global polycrisis had a major impact on the developing world in the form of increased inflation, unemployment, and poverty along with disruption in value chains. Second, nations lack proper access to funds for Industry 4.0 technologies, leading to reversal of progress in recovering from the polycrisis. The report further states that the combined effects of polycrisis can deviate the world from the 2030 SDG Agenda.

This is also evident from the gradual deindustrialisation reflected in the falling percentage share of industry, value added in GDP, as presented in the figure below.

Industry Value Added as % of GDP (2019-2023)



Source: World Bank
2023 Data points for High Income Country were not available

Nations lack proper access to funds for Industry 4.0 technologies, leading to reversal of progress in recovering from the polycrisis.

Initiatives such as the World Economic Forum's the Global Lighthouse Network, a community of manufacturing firms that showcases unique ways to integrate AI, Big Data, and other Industry 4.0 technologies in their production process, help to motivate entrepreneurs to adopt advanced technologies for their growth and future competitiveness.

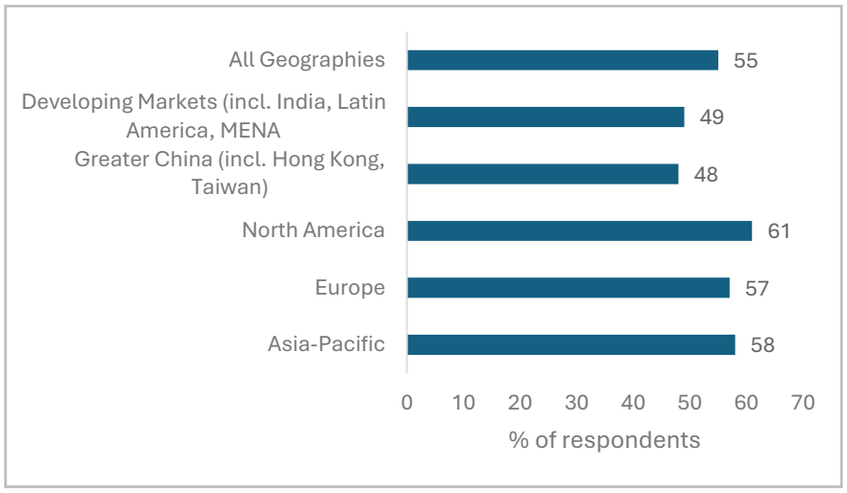
India: the emerging industrial powerhouse

To facilitate deeper adoption of technology in India, there is a need to assess the status of Industry 4.0 technologies which can be examined by the following parameters.

- Degree of automation
- Workforce readiness
- Innovation intensity
- Mobile internet sophistication

The degree of automation can be measured through the region-wise AI Adoption Rate published in the 2024 AI Index Report by Stanford University. Developing markets as well as Greater China see a rate lower than the global average and well below the rate for advanced economies.

Region Wise AI Adoption Rates by Organisation in the World in 2023

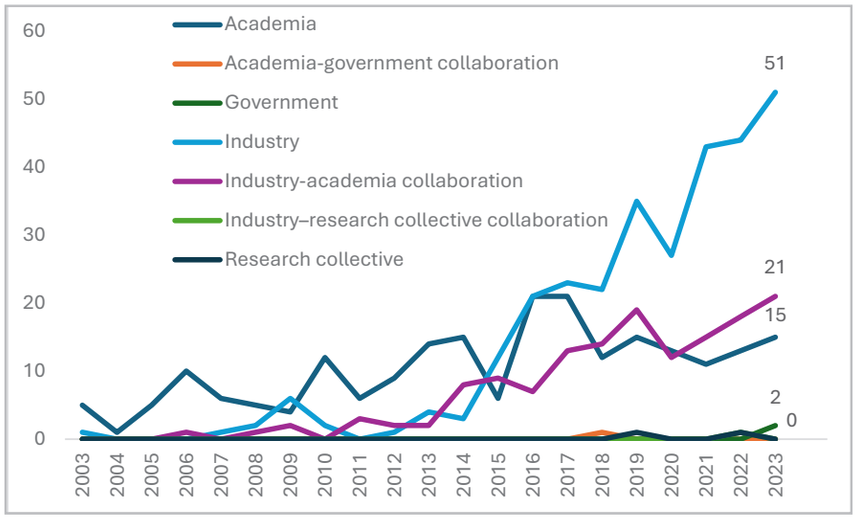


Source: Stanford AI Index Report 2024

In addition, innovation intensity can be measured by the Global Innovation Index (GII) 2024. India's rank in GII improved by one position in 2024 to 39 with the country leading in the lower middle-income countries group and in Central and Southern Asia. Government initiatives such as Startup India and Digital India contributed significantly to India's innovation landscape. Such policies in India and across the globe led to an improvement in the adoption of machine-learning models in the industry sector especially since 2014 which is also indicated in the figure below.

Workforce readiness can be measured by the AI skill penetration rate given in the Stanford AI Index Report 2024 where India's rating stands at 2.8 which surpasses that of US and Germany. This indicator captures the intensity with which Linkedin members utilise AI skills in their work across occupations. India's excellence in fostering deeper AI skills is the result of various initiatives by the Government such as 'FutureSkills PRIME' which focuses on reskilling and upskilling of workers in 10 emerging technologies.

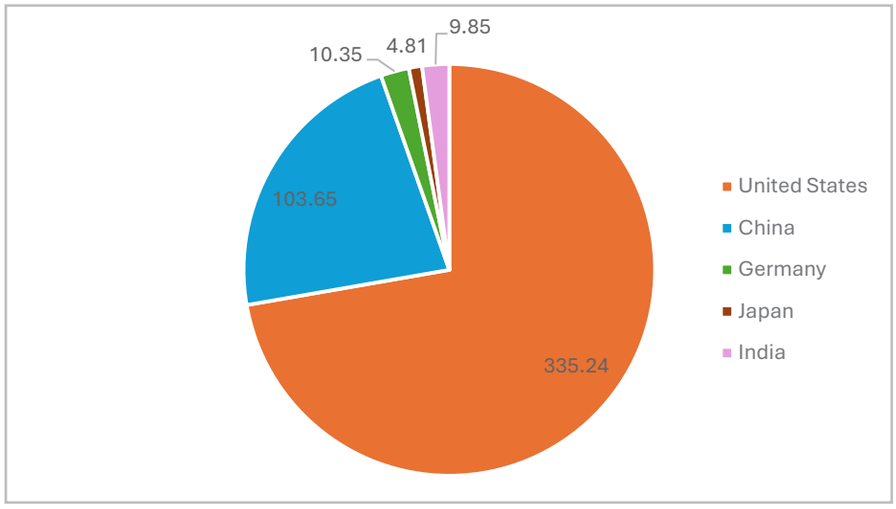
Number of Notable Machine Learning Models by Sector 2003-23



Source: Stanford AI Index Report 2024

India's internet adoption can be measured through the GSMA Mobile Connectivity Index 2024. According to the index, India's mobile index infrastructure is robust with the country belonging to the advanced category cluster with a score of 66.5. The country's penetration rate has improved significantly since 2014 with a score of 41.40. India's 5G infrastructure also belongs to the advanced category as per GSMA intelligence and will account for more than a third of total connections in

Cross Country Comparison of Private investment in AI from 2013 to 2023 (USD billion)



Source: Stanford AI Index Report 2024

India by 2030. This is the result of dedicated initiatives by the Government such as 5G test beds, indigenous telecom stack, 5G labs, among others.

From an investment perspective, FDI equity investments inflows since April 2000 across technology and industry oriented sectors in India increased significantly from June 2014 to June 2024. However, cross-country comparison of private investment in AI for top 5 economies of the world from 2013 to 2023 presents a different picture. Private investments in India though exceeding that of Japan remain insufficient when compared with the US, China, and Germany. To fully embrace the concept of industry 5.0 in India, more investment is the need of the hour.

FDI Equity Inflows in Technology and Industry Oriented Sectors (USD billion)

Sector	FDI Equity Inflows (April 2000-June 2014)[1]	FDI Equity Inflows (April 2000-June 2024)[2]
Computer software & hardware	12.95	105.62
Electrical equipments	3.68	12.80
Industrial machinery	2.94	6.99
Electronics	1.34	5.06
Machine tools	0.68	1.24
Agricultural machinery	0.36	1.74
Scientific instruments	0.17	0.45
Industrial instruments	0.06	0.08

Source: Department for Promotion of Industry and Internal Trade, Government of India

An idea for the future

Persistent focus on upskilling and reskilling in industry 4.0 will pave the way for the next industrial revolution where humans and technology can work together to drive economic as well as sustainable benefits. Concepts such as smart factories integrate advanced technologies such as Industrial Internet of Things (IIoT), Big

1 https://dpiit.gov.in/sites/default/files/india_FDI_June2014_0.pdf

2 https://dpiit.gov.in/sites/default/files/fdi%20factsheet%20june%202024.pdf

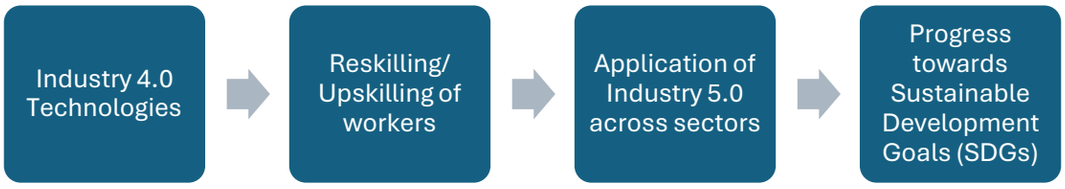
Data, and AI to optimise the manufacturing process by capturing potential faults and predicting maintenance requirements. Smart factories work by transmitting Big Data captured from sensors which is then analysed through an AI model allowing workers to make smart decisions.

Such high-level concepts can address important gaps in the logistics sector of developing economies such as high order intensity, lack of a big integrated warehousing facility, and use of traditional technologies through sensors-induced real-time monitoring and predictive maintenance.

Digital supply chain management can build resilience and mitigate losses against shocks such as COVID-19. Further, challenges in the healthcare industry such as demand forecasting and inventory management can also be addressed. The use of IoT sensors can forecast the health of healthcare machines which can facilitate better production planning for healthcare startups and companies in emerging economies.

The idea of smart factories can be applied to the agriculture sector where the use of sensors can play an important role. Sensors can precisely determine the soil health in the form of moisture and nutrient content while drones can be used for livestock surveillance.

Conceptual Framework for Industry 5.0



The entire process across sectors depends on the initial private investments in industrial technology along with the reskilling/upskilling of workers. Innovative financing solutions such as social impact bonds can be explored between the Government and private investors. The private sector can finance AI training programmes for development projects for entrepreneurs and employees and upon their successful completion, the Government can repay the investors from the savings of the project. Such end-to-end financing solutions can help 70% of the companies stuck in pilot purgatory.

To sum up, as India strides towards becoming a global manufacturing hub, it is imperative for the world to recognize the vast potential of India's skilled workforce and the potential role that humans and machines can play in driving industrialisation and promoting SDGs.

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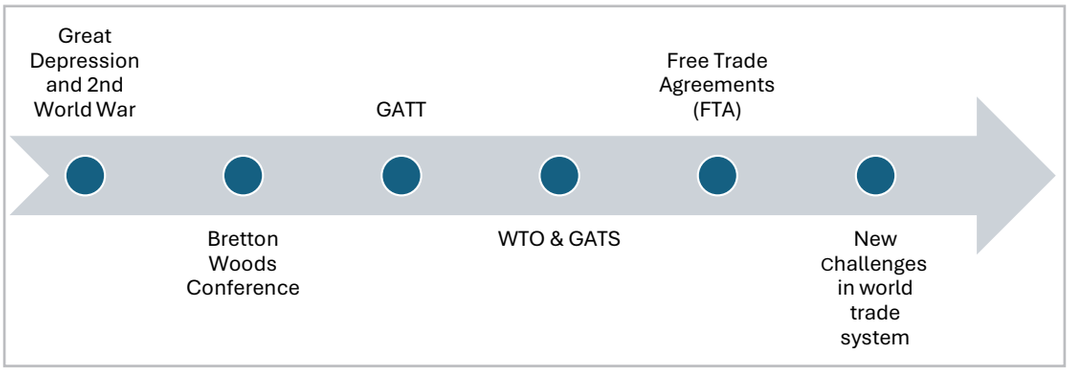
De-Risking Global Trade

The global trade landscape has constantly been changing and evolving over the years. Nations have attempted to leverage the trade route as an instrument for growth, employment creation and global engagement. In recent decades, there has been a dramatic increase in Free Trade Agreements offering preferential tariff rates, an improvement over the Most Favoured Nation (MFN) rates agreed under the framework of the World Trade Organisation (WTO), the global body for discussions and decisions on trade.

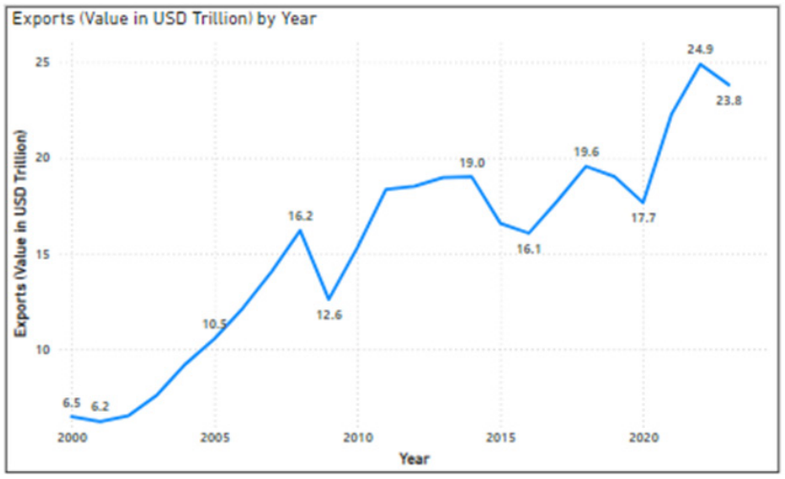


Given the spread of global value chains, the world trade system is facing new challenges in the form of evolution of sustainability standards. These have become a fundamental requirement for businesses seeking to remain competitive in the global marketplace. They are a powerful mechanism for promoting environmentally and socially responsible practices across global value chains. These standards will ensure establishment of a global trading system that is not only competitive but also sustainable and inclusive.

Global Trade Overview

Both merchandise and services trade have expanded manifold over the last quarter century. Merchandise exports increased from USD 6.45 trillion in 2000 to USD 23.81 trillion in 2023.

Value of Merchandise Exports from 2000-2023 (USD Trillion)



Source: WTO Database

However, the COVID-19 pandemic caused a 7.15% decline in merchandise exports in 2020 compared to 2019. Exports rebounded strongly in 2021, surpassing the pre-pandemic high of 2019. In 2022, merchandise exports peaked at USD 24.89 trillion but declined by 4.34% in 2023, owing to challenges such as slowdowns in developing economies and geopolitical tensions.

In 2022, the global value of services exports reached USD 7.1 trillion, accounting for 7.1% of world GDP and 23% of total global trade. The services sector contributed 61.8% to the global GDP in 2022. It also plays a crucial role in employment, with 1.69 billion people employed in services worldwide, representing 49.8% of total employment. Trade in services has become the fastest-growing segment in global trade, outpacing trade in goods. In 2023, services exports increased by 8%.

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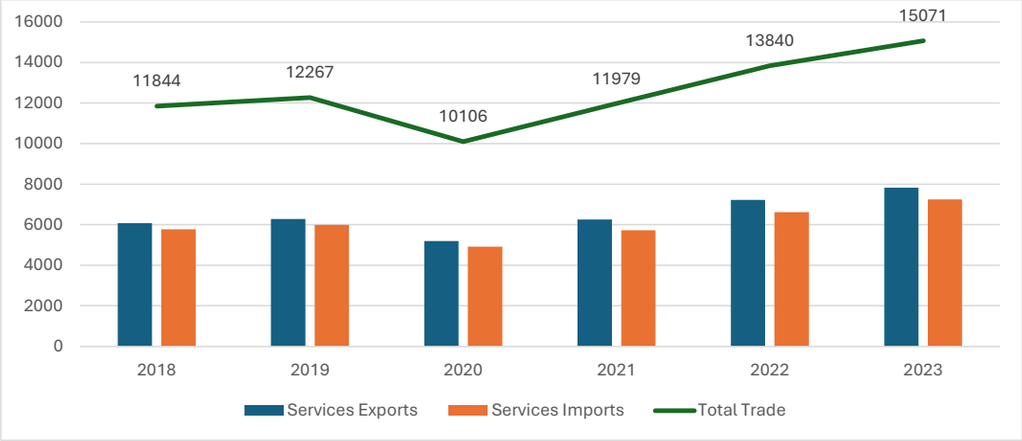
Global Services Trade Trends (USD Billion)



Source: WTO Database

As evident from recent trends, the global services sector is thriving and plays a pivotal role in economic stability and growth.

However, world trade today is facing a new set of challenges.

Challenges to Global Trade	Dysfunctional Appellate Body of Dispute Settlement Mechanism of WTO
	Labour and environmental provisions in trade agreements
	Newer unilateral regulations such as CBAM, deforestation regulations
	Disruptions driven by emerging technologies and the rise in cross-border e-commerce as well as digitally delivered goods and services.
	Red Sea crises and geopolitical tensions

The blocking of appointment of judges at WTO has led to backlog of appeal cases. Since 2020, the appellate body has been dysfunctional, with judicial vacancies pending due to opposition by the US. This has weakened the multilateral dispute resolution mechanism. The efficient functioning of international trade also requires robust multilateral mechanism, where countries can raise their concerns and get them addressed impartially.

Another challenge to world trade is rising linkages between trade and sustainability. Countries are at different stages of development, and their ability to address the

sustainability challenges varies significantly, underscoring the importance of the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC).

However, the surge in strict environmental and labour provisions in trade agreements may hamper the exports of developing countries. Similarly, unilateral measures by developed nations, such as the Carbon Border Adjustment Mechanism (CBAM) and deforestation regulations, are also increasing. Such measures may not be in line with the principle of CBDR-RC.

India's trade profile

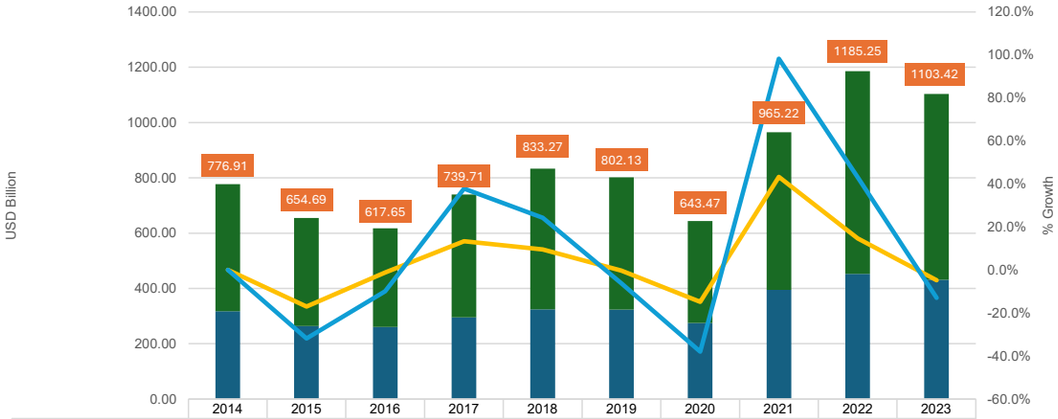
India's international trade partnerships have witnessed remarkable growth and transformation over the years. India's Foreign Trade Policy 2023 aims to create a supportive environment for exporters and strengthen India's export capacity and enhance India's competitiveness. The Government has also set a target of achieving USD 2 trillion in exports by 2030, with USD 1 trillion each from goods and services.

India's international trade has remained resilient due to the exceptional performance of its services exports. The country's share in global services exports rose from 0.5% in 1993 to 4.3% in 2022, making India the 7th largest services exporter globally. IT/ software services and business services dominate this growth, supported by India's emergence as a hub for Global Capability Centres (GCCs). India ranks second in global exports of telecommunication, computer, and information services.

India's total trade in goods has grown from USD 776.9 billion in 2014 to USD 1.1 trillion in 2023, with key export commodities including mineral fuels, gems and jewellery, electrical machinery, and pharmaceuticals, while major imports include mineral fuels, gems and jewellery, organic chemicals, and fertilizers. The USA, UAE, and China remain India's leading trade partners in both imports and exports.

The below figure shows the growth in India's exports and imports of goods over the past 10 years (2014-2023). India's exports have experienced a CAGR of 3.46% between 2014-2023, while India's imports have seen a CAGR of 4.32%.

India's Merchandise Trade between 2014-2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	459.37	390.80	356.69	443.85	509.27	478.88	367.98	570.40	732.57	672.00
Exports	317.54	263.89	260.96	295.86	324.00	323.25	275.49	394.81	452.68	431.42
Imports YoY Growth		-14.9%	-8.7%	24.4%	14.7%	-6.0%	-23.2%	55.0%	28.4%	-8.3%
Exports YoY Growth		-16.9%	-1.1%	13.4%	9.5%	-0.2%	-14.8%	43.3%	14.7%	-4.7%

Source: ITC Trade Map

Understanding the need for global partnerships, India's participation in global value chains has also seen improvement, driven by schemes like the Production-Linked Incentive (PLI) and the Districts as Export Hubs (DEH) initiative. Enhanced foreign investment in electronics, automobiles, apparel, and semiconductors demonstrates India's increasing integration into global supply chains. Increased participation in GVCs can lead to growth in the economy, higher productivity, job creation, and better living standards. According to the World Bank, a 1% increase in GVC participation is estimated to boost per capita income levels by more than 1% – about twice as much as conventional trade.

India's trade policy reflects its commitment to an open, inclusive, and rules-based international trading system as a reliable and resilient partner to the world. India is a keen supporter of the multilateral trading system led by the WTO. At the same time, over the years, given its developmental needs, India has strategized to sign FTAs and RTAs.

India has entered into 14 free trade agreements and 6 preferential trade agreements. The most recently concluded agreements are with the UAE, Australia, Mauritius and the European Free Trade Association (EFTA). Further, negotiations are currently underway with partners such as the UK, EU, Oman, and Peru. These partnerships

bring unique opportunities and challenges, requiring India to adopt a nuanced, strategic approach.

India's international trade trajectory is marked by progressive liberalization, policy dynamism, and sectoral resilience. By addressing challenges and leveraging opportunities, India is well-positioned to achieve its ambitious trade goals and cement its status as a global trading powerhouse with mutually enhancing global trade partnerships.

To do this, India can become a reliable partner for overseas investors and potentially leverage Free Trade Agreements (FTAs) as a strategic mechanism to enhance investor interest and confidence.

Best practice

The availability of investment protection is a key consideration for investors of all levels. In this regard the Bilateral Investment Treaties (BITs), which are reciprocal agreement between countries, aimed to promote and protect investment are important.

India signed a Bilateral Investment Treaty (BIT) with the UAE on 13th February 2024. This treaty could serve as a reference point for future investment agreements with other countries, with adjustments to cater to the sensitivities of partner nations.

Key features of India UAE BIT include:

1. Closed asset-based definition of Investment with coverage of Portfolio Investment
2. Treatment of Investment with obligation for no denial of justice, no fundamental breach of due process, no targeted discrimination and no manifestly abusive or arbitrary treatment
3. Scope carve out for measures such as those related to taxation, local government, government procurement, subsidies or grants and Compulsory license.
4. Investor-State Dispute Settlement (ISDS) through arbitration with mandatory exhaustion of local remedies for 3 years

5. General and Security Exceptions
6. Right to Regulate for State
7. No investor claim in case investments is involved with corruption, fraud, round tripping etc.
8. Provision on National Treatment
9. Treaty provides for protection to investments from Expropriation, provides for Transparency, Transfers and Compensation for losses

Such agreements enable greater investment participation and promote two-way fund flows. To maintain investor confidence and encourage foreign investment, emerging economies can consider viable bilateral investment treaties and align them with globally preferred guidelines, ensuring a swift negotiation process and protect investors.

FDI flows can also be promoted through an FTA route. On 10th March 2024, India signed Trade and Economic Partnership Agreement (TEPA) with EFTA countries (Iceland, Liechtenstein, Norway and Switzerland). The Agreement not only opens the vast Indian market to EFTA countries, but also includes commitment of USD 100 billion in investment from EFTA countries to India along with 1 million direct jobs in the next 15 years.

Investment flows are a potent instrument for nations to diversify trade baskets, plug into global value chains and make trade more resilient.

To maintain investor confidence and encourage foreign investment, emerging economies can consider viable bilateral investment treaties.

Technology and Innovation for Global Good

Global Overview

Technological innovation and advancements have been the driving force behind improvements in the past few decades in global connectivity, productivity, and standard of living. The advent of the internet, social media, and now, artificial intelligence (AI) has revolutionised society and brought forth new mediums of doing business and facilitating people-to-people connections. Therefore, technology and innovation play an integral role in the development of global industry, both now and in the future.

The global technology industry is one of the largest segments of the global economy with a market value of USD 8.51 trillion and is expected to grow at a Compound Annual Growth Rate (CAGR) of 7.75% over the next five years. Moreover, the largest companies in the world by market cap like NVIDIA (USD 3.56 trillion), Apple (USD 3.39 trillion), and Microsoft (USD 3.11 trillion) are in the technology sector.

Technologies like artificial intelligence, electric vehicles, and blockchain will define the future of the knowledge, financial, and transportation segments of the economy. Global firms currently spend USD 235 billion on AI and are projected to nearly triple investment to USD 630 billion in 2028. Global penetration of electric vehicles increased by approximately 17% in 2023, driven by increasing market share in China. Finally, the space economy is currently valued at USD 630 billion and is projected to reach USD 1.8 trillion in value by 2035.

Similarly, innovation plays a significant role in improving global economic productivity and efficiency. Startups, R&D centres, and universities conduct groundbreaking

research and product development that change the way our society functions and push the boundaries of human experience. Global R&D spending was approximately USD 2.5 trillion in 2022 with China and the United States' private sector spending approximately USD 485.5 billion in 2023 and USD 655 billion in 2022 respectively.

Furthermore, global venture capital and private equity firms have invested a collective USD 315 billion in technology start-up firms. These investments by both the state and private sectors indicate the importance and focus that nations are placing on the field of technology and innovation.

India's Technology and Innovation Presence

India, in recent years, has emerged as a significant contributor to the global technology sector with India's Information Technology (IT) sector valued at USD 245 billion and accounting for approximately 7.5% of India's GDP in 2023. Moreover, according to the Ministry of Electronics and Information Technology (MEITY), the IT sector employed an estimated 5.43 million professionals as of 2022-23.

Furthermore, India's IT sector attracted approximately USD 109.49 billion in FDI between April 2000 and March 2024 and has established over 1700 Global Capability Centres (GCC) employing more than 1.6 million people. The IT sector accounts for approximately 38% of total services in exports of India and a 57% share in global sourcing.

The Government of India has implemented several initiatives to support the development of technology and foster innovation in India. Startup India was launched in 2016 with the objective of supporting entrepreneurs, building a robust startup ecosystem, and improving job creation mechanisms. Under the Startup India initiative, India operates 31 Innovation Centres, 7 Research Parks, and 13 Startup Centres as well as a credit guarantee mechanism through the National Credit Guarantee Trust Company (NCGTC).

The Ministry of Electronics and Information Technology (MEITY) has implemented the Digital India Internship Scheme 2024 which places young professionals in the technology sector under the tutelage of a qualified supervisor or mentor. It has also launched the India AI Mission to provide access to computing enhance data quality,

attract talent, provide startup risk capital and promote ethical AI, among others. The pillars of the initiative include IndiaAI Compute Capacity, IndiaAI Innovation Centre, IndiaAI Datasets Platform, IndiaAI Application Development Initiative, IndiaAI Future Skills, IndiaAI Startup Financing, and Safe and Trusted AI.

The Government of India has also recently launched the India Semiconductor Mission (ISM) which is an independent business division within Digital India that intends to develop the semiconductor ecosystem within India and improve manufacturing and development of native semiconductors for use in advanced technologies like artificial intelligence.

Key focus area

Skilling to remain aligned to technological advancement is essential for countries to maintain competitiveness in the fast-changing global economy. In the current context of technological redundancy, the focus must be on life-long learning, reskilling and upskilling. The student catchment area is therefore not just schools and colleges, but also the workplace and online platforms.

Public-private partnerships play a significant role in advancing tech skills. Technology companies should work with governments in a coordinated manner to design relevant training programs, apprenticeships, and internships. This ensures that training programs remain aligned with industry needs and technological advancements.

To provide a pathway to reskilling and upskilling, massive open online courses (MOOCs) and e-learning platforms can offer affordable and accessible training opportunities in areas such as cloud computing, machine learning, and data analytics. While many of these are in place, affordable cost of the courses, flexible learning models, and recognized certifications from credible organisations can encourage individuals to upskill at their own pace.

Countries must also develop specialized programs in areas such as quantum computing, blockchain, and renewable energy. Establishing technology hubs or innovation clusters can help nurtures talent in these advanced fields, fostering a culture of research and development.

Governments can encourage businesses to reskill employees by offering subsidies or tax incentives. Promoting innovation and entrepreneurship is another important facet of skilling. Startups and small businesses in tech sectors can benefit from grants, tax breaks, and mentorship programs while an ecosystem including incubators and accelerators can provide a platform for groundbreaking ideas.

Global collaboration also enhances skilling efforts. Partnerships with international organizations, universities, and tech leaders enable countries to access cutting-edge training resources and exchange best practices.

Sustainability and Climate Action

State of the Climate 2024 - Key Messages

Greenhouse gases reached record levels in 2023	2024 is likely to be the warmest year on record
In the first 9 months of 2024, global mean surface temperature was 1.54+/-0.13 deg C above the pre-industrial average	Sea ice cover in Antarctic and Artic was below average and glaciers worldwide are losing water heavily
Ocean heat content and sea levels are rising. In 2023, the ocean absorbed about 18 times the world's total energy consumption	The world has seen substantial progress in climate service capacity

Stark warnings are coming from climate change experts about how close the world stands today to exceeding the level of temperature change above the pre-industrial level that will catalyze extreme climate events, raise sea levels, and place the population at risk.

Concentrations of greenhouse gases of carbon dioxide, methane and nitrous oxide reached unprecedented levels of 151%, 265% and 124% respectively of pre-industrial levels. Global temperatures have already reached new peaks and 2023 and 2024 are expected to be the two warmest years ever recorded, impacted by the El Nino effect. Over 175 years of observations, the decade of 2015 to 2024 will be the hottest ever.

The State of the Climate report notes that exceeding the Paris Agreement climate target of 1.5 deg C over pre-industrial levels does not depend on a single year and the average of 20 years needs to be examined. With different methodologies, global warming is estimated at about 1.3 deg C; however, the world cannot wait for 20 years to find out the extent of our actions on the planet's temperature. Every point increase leads to further climate hazards and action to curb the warming must be taken in advance. This is visible in glacier loss, sea ice collapse, ocean temperature and sea levels, all of which stand at record highs for the last two years.

Extreme weather events are also rising, affecting the poor populations most of all, but even the developed countries are not immune to climate related disasters. According to the report, below average precipitation was seen in large regions of the world. Unusually high rainfall took place in the Sahel region as well North America, parts of Africa, Arabian Peninsula as well as South Asia.

Extreme climate events such as droughts, floods, cyclones, heatwaves and cold waves were observed in most parts of the world. Catastrophic flooding in southeast US, hurricane Milton in Florida, very heavy rainfall in central Europe, flooding in Sahel, wildfires in Canada and Chile, Typhoon Yagi in southeast Asia and many other natural disasters caused high loss of lives, disrupted livelihoods and led to economic damages.

Food security affected global hunger which persisted at high rates over 2023. El Nino caused droughts that led to lower cereal availability and crop failures. Similarly, migration and displacement levels and damage to homes, infrastructure, forests, farmlands and ecosystems occurred during the year.

The 29th session of Conference of Parties to the United Nations Framework Convention on Climate Change (COP29) was held in Baku, Azerbaijan on 11-22 November. The objective was to continue the discussions on how to keep global warming to the 1.5 deg C limit through emission reductions, while leaving no one behind.

A major pillar of discussion was enabling adequate finance for climate change action and sustainable development keeping carbon emissions on the forefront. A climate finance target, the New Collective Quantified Goal on Climate Finance (NCQG) working towards providing financial support to developing countries for curbing emissions and fostering energy transition remained insufficient. It is estimated that

by 2030, most developing countries (excluding China), would need financial support of USD 1 trillion annually to help them strengthen their climate change actions.

COP29 brought out the NCQG which aims at providing USD 300 billion to developing countries by 2035 and also to mobilize support to these countries through private sector and public sector of USD 1 trillion by the same year. This was challenged by developing economies as being too low for the climate effort required by them.

The sustainability agenda goes beyond climate action to also include circular economy development, biodiversity preservation, pollution prevention and disaster management, among other priorities.

India's sustainability efforts

As a party to the UNFCCC in Paris in 2015, India pledged its first nationally determined contributions (NDC). It included the following targets:

- To lower GDP emissions intensity by 33-35% compared to 2005 levels by 2030;
- To attain about 40% of installed capacity for electricity from non-fossil fuel based energy source by 2030;
- To add forest cover to create a 2.5-3 billion tonne carbon dioxide equivalent additional carbon sink.

In 2023, India updated its NDC with more ambitious targets:

- Reduce emissions intensity over 2005 levels to 45% by 2030;
- Enhance electricity from non-fossil fuels to 50% by 2030;
- Retain the target of carbon sink;
- Develop climate-resilient infrastructure;
- Aim for Lifestyle for Environment (LiFE) for sustainable production and consumption
- Achieve carbon neutrality or net zero by 2070.

India actually achieved its emissions intensity target and electric power capacity from non-fossil fuel target well ahead of time. Its carbon emissions, as a proportion of

GDP, had come down to 33% by 2019 and it is well on track to be further lowered to 45% by 2030.

Similarly, India has emerged as the fourth largest renewable energy market in the world and achieved 200 GW of renewable energy capacity by October 2024, accounting for 46.3% of its total energy capacity.

As an international player, India has also led various key initiatives such as the International Solar Alliance, Coalition for Disaster Resilience Infrastructure and Global Biofuel Alliance in partnership with different countries.

India has called for climate finance founded on the principle of climate justice, urging that developed countries should provide enough carbon space for developing countries to grow. Speaking at COP29, the Indian minister stated that on the contrary, some of the developed countries have resorted to unilateral measures making climate actions more difficult for the Global South. India also issued a strong statement that the NCQG was unfair to developing economies, which was supported by various countries and groupings.

Innovation in sustainable action

Climate action efforts require initiatives by all countries to decarbonise hard-to-abate sectors in particular. Business 20 (B20) during the Indian G20 presidency brought out a report on decarbonising the emerging nations. The report illustrated decarbonisation pathways for a few sectors in certain emerging economies and offered recommendations to catalyse future investments to prevent grey assets being locked in.

The sectoral pathways being presented as examples could significantly reduce emissions upon implementation and some projects already show profits while others need marginal to substantial support.

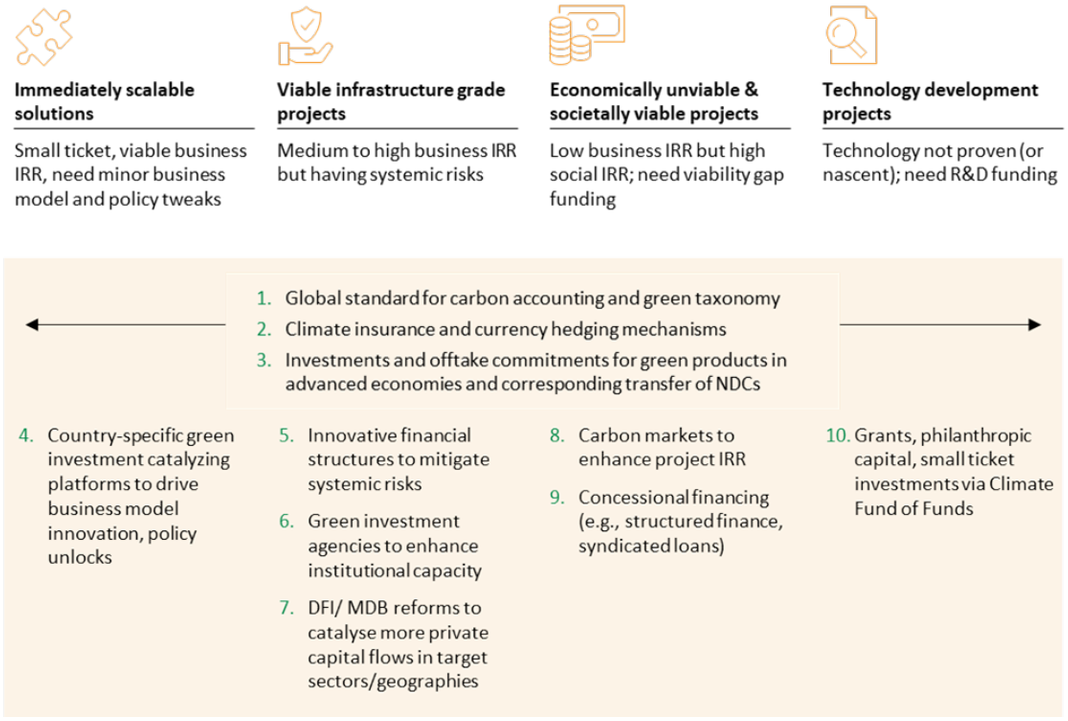
The report recommends mechanisms for deploying scalable solutions.

The mechanisms are summarised as follows:

1. Align green taxonomy and carbon accounting standards for sustainable activities and for estimating carbon abatement potential using globally recognised standards.

Exhibit iii

Recommended mechanism for deploying scalable solutions



2. Institute currency hedging and climate insurance mechanisms (e.g., via bilateral swap lines and global climate insurance pools) to lower systemic risks in developing countries and reduce risk premiums.

3. Establish investments and offtake agreements between advanced economies and developing country governments in line with Article 6 of the Paris Agreement.

4. Establish country-specific green investment catalyzing platforms to scale small-ticket projects with medium to high IRRs.

5. Create innovative financial structures to address systemic risks of large projects with viable returns by combining institutional capital with junior concessional capital for first loss guarantees in addition to de-risking mechanisms described in mechanism #2.

6. Establish Green Investment Agencies (GIAs) in developing countries to enhance institutional capacity, mobilise finance and foster global collaboration for green projects.

7. Reform development financial institutions/multilateral development banks (DFI/MDB) to enhance balance sheet capacity, incorporate sustainability objectives in their charters and expand leverage ratios with a focus on offering blended finance to catalyse private capital flows.

8. Establish carbon markets in collaboration with government and regulatory bodies to fast track green investments and increase the flow of private capital towards otherwise unviable projects that are nevertheless socially critical.

9. Provide concessional debt finance (e.g., via DFIs/MDBs) to increase the attractiveness of projects with low returns but high social need to private investors via structured finance, syndicated loans and debt instruments.

10. Provide grants, philanthropy or small ticket investments via a climate fund of funds to support climate research financing in developing countries via institutions in advanced economies.

If implemented well, these have the potential to advance the global decarbonisation agenda significantly by aiding implementation of the scalable projects to which they have been mapped.

Moving Ahead with Inclusion

Inclusion is vital for driving equitable economic growth as it offers equal opportunities and ensures a better quality of life for all citizens. Economic and social inclusion empowers people through quality and gainful employment and is essential for achieving all-round sustainable development and the realisation of the United Nation's Sustainable Development Goals (SDGs) of poverty elimination and gender equality.

Beyond its ethical imperatives, inclusion is a powerful economic strategy for enhancing economic prosperity by involving all individuals from different sections of society, particularly the disadvantaged and vulnerable sections, which in turn promotes productive work. Equal access to health and education helps in creating a healthy and productive workforce, which reduces inequities and bolsters inclusive economic growth.

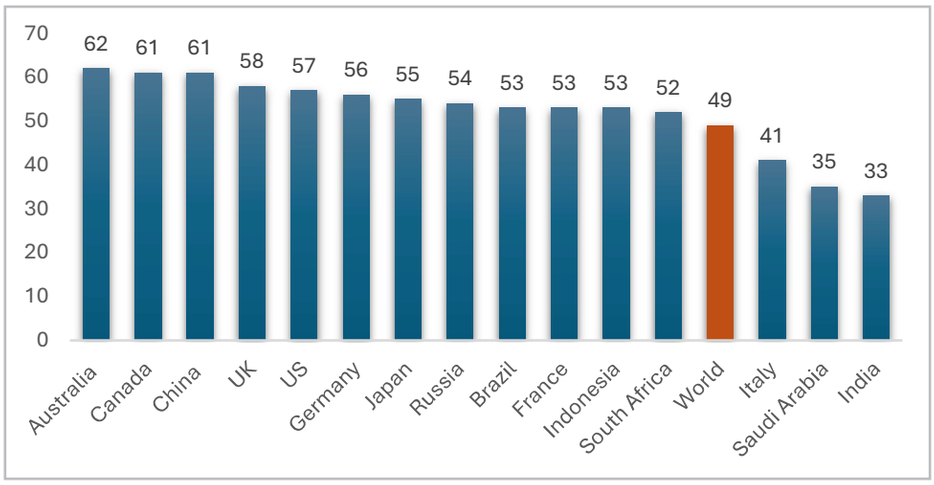
Diversity is another important pillar that complements inclusion by encouraging participation of diverse economic groups and building resilient societies. The active identification and engagement of such people facilitates greater equity and enhances productivity, while encouraging greater innovation and better decision-making.

In the recent past, global challenges including the Covid 19 pandemic and other geopolitical disruptions coupled with rapid advances in technology and an increasingly interconnected world have deepened issues surrounding social inequality and poverty across countries.

According to the World Bank, temporary unemployment was higher in 70% of all countries during the pandemic, with income losses more pronounced among the youth, women, self-employed and casual workers with lower levels of education. Similarly, smaller, and medium enterprises in businesses were adversely impacted. Further, the impending climate crisis has heightened equity issues in terms of

increased health and job risks, and have disproportionately impacted diverse socio-economic groups.

Female Labour Force Participation Rate (% of female population aged 15+) in select economies



Source: World Bank

While an effective global policy response to the crises aided global economic recovery, challenges to inclusive growth persist, especially amidst challenging global environment with heightened uncertainties.

Gender equality continues to be a key inclusion issue - with women around the world facing significant barriers in terms of their access to education, skills, and healthcare. The World Economic Forum's Gender Gap Report 2024 estimated the global gender gap at 68.5%, reflecting the slow progress achieved in bridging the gap over the years.

It is estimated that closing gender gaps can bolster global GDP by USD 7 trillion, highlighting the criticality of greater women workforce participation for higher global growth prospects. However, significant differences continue to exist across male and female workforce participation rates globally, with the current global average for men 24% points higher than that of women.

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With only 35.5% share of women as board members and a 17.14% gender wage gap as reported by the Gender Gap Report, women continue to be underrepresented in leadership roles globally. As per Mckinsey's Women in Workplace report 2024, it would take nearly 50 years to achieve gender parity for all women.

As rising inequalities can impede long-term economic growth, supporting empowerment, equity and inclusion have assumed more importance than ever before. Designing and implementing comprehensive gender responsive and inclusive policies has thus become a global priority for governments and policymakers around the world.

Indian policy framework to promote inclusive economic growth

Achieving inclusive and sustainable economic growth has been a top priority for the Indian Government. Several measures and schemes have been instituted across the areas of health, education and skill development, financial and digital inclusion to promote inclusive growth in the country.

To promote the ease of living for urban and rural migrants, the poor and the economically weaker sections, schemes such as Pradhan Mantri Awas Yojana (urban) and Pradhan Mantri Gramin Yojana are assisting diverse economic groups through subsidies on housing loans with the aim of providing affordable housing to all. As of June 2024, more than 42 million houses have been sanctioned.

The National Health Policy or Ayushman Bharat is transforming the personal healthcare system in India with the aim of providing comprehensive healthcare and wellness for all Indian citizens. It includes subsidized insurance for the poor and the distribution of free essential medicines and diagnostic services through the Ayushman Bharat Health and Wellness centres. Schemes such as PM Jan Arogya Yojana (PM-JAY) has significantly improved access to healthcare in India by targeting the poorest 40% of the population. Around 78 million hospital admissions have been authorised under the scheme, and more than 354 million Ayushman cards have been issued as of September 2024.

For catalysing education and spurring inclusive development, the National Education Policy 2020 emphasises on building an inclusive educational structure in the country by providing the requisite infrastructure and upgrading the curriculum tailored to

meet the current and future needs of Indian youth. This approach is focused on providing practical skills to the youth and is a significant stride towards the realisation of the UN SDG of inclusive and equitable quality education.

Several schemes such as PM Kaushal Vikas Yojana, National Apprenticeship Scheme, Indian International Skill Centres along with various advanced vocational skills training and programmes are imparting necessary and relevant skills to the youth for building a talented and skilled workforce. A centrally sponsored scheme as announced in the Union Budget 2024-25, aims to train 2 million youth over five years and upgrade 1,000 Industrial Training Institutes (ITIs). The Skill India Digital platform facilitates access to digital skills with more than 690 online courses.

The Ministry of Women and Child Development has implemented several schemes to encourage greater women empowerment. The recently launched Mission Shakti scheme aims to strengthen women safety and security interventions to promote greater economic participation of women. Mahila Shakti Kendra scheme fosters greater community participation among women, while 33 National Skill Training Institutes exclusively for women are currently operational nationwide for enhancing skills and capacity building. Further, the PM Kaushal Vikas Kendras prioritises additional infrastructure development for training and apprenticeship of women.

For accelerating financial inclusion in the country, the PM Jan Dhan Yojana for financial inclusion has successfully provided banking facilities and access to institutional credit through several financial interventions to economically backward sections. As on August 2024, the PMJDY accounts for a total of 531 million bank accounts with a total deposit balance of more than INR 2,312 billion.

India has also implemented innovative digital tools to foster digital inclusion and digital transformation in India. Initiatives such as Aadhar, the largest digital identity programme in the world coupled with Jan Dhan and mobile, also known as the JAM trinity have empowered millions with access to essential services, encouraging greater digital and financial inclusion.

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Digital inclusion and the future of work

The past decade has witnessed rapid growth in technology advancements that has completely changed the industrial landscape and are constantly reshaping how industries work. Adoption of modern technologies such as Artificial Intelligence (AI) and automation are transforming business processes and is also changing the nature of work and the workplace.

This rapid pace of digital transformation necessitates imparting digital skills and supporting digital inclusion for all to bridge the digital divide and to ensure that no one is left behind from the benefits of the digital revolution. Digital access can empower individuals, especially the disadvantaged and underprivileged, with necessary and basic digital skills to fully participate in the digital world by helping them adapt to the rapidly changing dynamic economic and work landscape.

Fostering digital literacy is key for fostering the digital inclusion. A strong focus on digital literacy and promoting its access across diverse groups is critical for bridging the digital divide. Promoting digital skills training and digital education programmes along with empowering digital educators is a critical imperative.

Greater awareness programmes on benefits of learning and applying digital skills are equally important. Professional certifications in digital skills can accelerate careers and provide better economic opportunities. Greater private sector and government collaboration in this area can be effective in fostering digital literacy.

Ensuring internet access and better connectivity across regions, including rural and underdeveloped regions is essential for ensuring diverse economic groups also have access to digital skills and learning.

For digital inclusion to be successful, a key focus should be on equipping women with necessary digital skills that can provide better and greater economic opportunities. According to UNESCO, 43% of women worldwide are still not using the internet compared to 38% of men. This is true especially in emerging technologies and therefore there is an urgent need to bridge this gap to encourage greater women empowerment and enable inclusive societies.

Community-driven digital hubs, offering free internet access and mentoring programmes, especially in remote and backward areas, can help underrepresented groups, including women, access digital learning and skills. Global cooperation and partnerships for sharing best practices on promoting inclusive growth, with a focus on women will also catalyse greater inclusive growth and help close the digital divide.

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Conclusion

Global coordination can significantly enhance the global economy by addressing systemic challenges, fostering stability, and promoting equitable growth. Several historical examples point the way forward in fostering partnerships and cooperation for global growth and equitable development. Institutions like the Bretton Woods system, the World Bank, and the International Monetary Fund (IMF) played key roles in stabilizing and rebuilding economies in the post-World War environment.

Similarly, the Paris Climate Agreement has helped to coordinate international efforts to limit global warming and foster both environmental and economic sustainability. During the Covid period, programs like COVAX showed the benefits of international coordination in addressing global health emergencies.

In today's increasingly complex and interdependent world, global partnerships must be accelerated and intensified with the underlying theme as 'one world, one future'.

Coordinated efforts in reducing tariffs, standardizing regulations, and addressing non-tariff barriers can streamline international trade. Cross-border research collaborations and agreements on intellectual property (IP) sharing can accelerate technological innovation and define the future of industrialisation.

Climate change poses significant risks to economies, especially in vulnerable regions. Global coordination on carbon pricing, sustainable development, and green technology transfer can address these challenges while creating new economic opportunities through investments in renewable energy and infrastructure.

Joint development programs can provide low-income countries with access to capital, technology, and expertise. This fosters growth in underserved regions, reducing the wealth gap and creating new markets for global businesses.

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Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering Industry, Government and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with around 9,000 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 365,000 enterprises from 294 national and regional sectoral industry bodies.

For more than 125 years, CII has been engaged in shaping India's development journey and works proactively on transforming Indian Industry's engagement in national development. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness, and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Through its dedicated Centres of Excellence and Industry competitiveness initiatives, promotion of innovation and technology adoption, and partnerships for sustainability, CII plays a transformative part in shaping the future of the nation. Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

For 2024-25, CII has identified **"Globally Competitive India: Partnerships for Sustainable and Inclusive Growth"** as its Theme, prioritizing 5 key pillars. During the year, it would align its initiatives and activities to facilitate strategic actions for driving India's global competitiveness and growth through a robust and resilient Indian industry.

With 70 offices, including 12 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with about 300 counterpart organizations in almost 100 countries, CII serves as a reference point for Indian industry and the international business community.

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