



## Backgrounder

The India story is dynamic and promising for the coming decade. 'Amrit Kaal' is ordained to be India's narrative. While we move towards 2047, the next seven years are vital. India has fared better, shown much resilience, despite the global uncertainties and economic crises. With an average growth rate of 5.5% over the past decade, India has already become the fastest growing economy in the world and is set to double its current annual GDP of close to USD **3.5 trillion** to USD **7 trillion** by 2027 and to USD **10 trillion** by 2030. IMF has pegged India as the 'bright spot' and a key contributor to global growth that 'will alone contribute 15% of the global growth in 2023.'

The International Monetary Fund (IMF) expects India to grow by 5.9% in FY 2023–24, as against global economic growth of 2.8%, and by an average rate of 6.1% over the next five years. The **fifth largest** economy of the world, India is all set to be the **third largest** by 2027. India will continue to face headwinds- geo-political uncertainties, global monetary tightening, exchange rate volatility, global inflationary pressure and with our growing population, economy, urbanization, digitization, mobility, aspirations, policies and programmes should reflect or take into account the complexities and pluralities.

**Public Affairs Forum of India (PAFI)** aims at aligning business, society and government on long term priorities; fostering trust through ethical and respectful interaction across all the stakeholders; collaboratively developing smart and relevant policies, proposals and processes that foster innovation and rely on evidence-based research and promote capacity building to navigate change within the context and complexity of India.

**PAFI's Annual Forum will celebrate its 10<sup>th</sup> year.** In this last decade, PAFI's Annual Forum has not just been a platform for interactive deliberations but more importantly has defined the direction for long-term broader policy and economic agenda. The discussion, debates and dialogues emerging from active participation and interaction with a diverse

set of stakeholders at the annual forum has contributed to developing a conducive growth & development-oriented policy framework. The Annual Forums over the decade has witnessed active participation by Government-Ministers both from the Centre and States, officials representing central and state governments, CEOs, opinion leaders, shapers, members of global and multilateral organizations, media, think-tanks, academia, social & young entrepreneurs and legislators.

## **The Context**

The 10<sup>th</sup> year of the Annual Forum shall emphasize on **the key areas of India's growth trajectory**

The theme - **India @ 2030: Issues, Ideas and Implementation** will explore how well India can continue to sustain and accelerate this positive momentum over the next seven years. There are several issues, however some of the ideas which need more focussed attention are...

**1. Geo-politics- and its impact on business:** The global economic as well as geo-political arena is undergoing a churn. The Ukraine war, Covid-19 pandemic, global financial crises are some of the disruptions which has brought the focus on geo-political risks. The new normal in global politics—the eastward tilt in the concentration of economic wealth are necessitating ideation of new norms. Businesses are greatly impacted by the recurring geo-political upheaval. Reports suggest geo-political instability has jumped to the top of the CEO agenda and business are dealing with the dynamics of geo-political risks.

***How escalation of geo-political risks be handled by businesses in the Boardrooms? What safeguards do companies need to counter threats from these globally impacting risks and the attempts to hedge its bearing on the outcome of the business?***

**2. Encouraging investments and nurturing businesses:**

**a) Investments-** India's growth in the coming years requires a large capital expenditure by public and private sectors, both in traditional industries as well as in scaling up R&D. Government remains committed to structural reforms and there is a vast array of opportunities to expand investments and deepen collaborations. As per UNCTAD 2022 India is 7<sup>th</sup> most preferred global destination for FDI flows. Central government has been extremely proactive & is encouraging a healthy ecosystem of effective regulatory processes, sustainable and pro-industry schemes and policies.

While we must continue to focus on **FDI** (Foreign Direct Investment), equal enthusiasm should be there for **DI** (Domestic Investment).

**b) Manufacturing, Supply chain and Exports-** India is a complex nation and handholding for businesses is essential, especially to scale up DI. India needs strong, globally competitive manufacturing especially electronics, defence & Hi-tech for tripling of our exports. While India is growing well at an average of around 6% over the past few years with a GDP of USD 3.4 trillion, our contribution to mercantile trade remains a meagre 1.8%.

**c) Industry 4.0 and government policies-** Government has been focusing on Industry 4.0 in achieving goals of Aatmanirbhar Bharat and undertaking steps towards this end by fast-tracking bilateral FTAs, encouraging the domestic manufacturing sector through Production link incentives, PM GatiShakti, the National Logistics Policy, and several others. Steps such as Make in India have been taken to encourage investments- domestic as well as foreign investments, ease of doing business and decriminalising of minor offences are all reform oriented steps towards incentivising investments. Government's positive outlook towards businesses and the desire to have conducive policies around it would indeed make **doing business not only easy but a pleasure of doing business in India**. Promoting trust-based governance at all levels has been of utmost significance the current Government.

***How do we ensure that the policy apparatus is holistically ideating the socio-economic issues to act as a catalyst for India's economic prosperity?***

**3. States as growth drivers:** States will have to become key agents of growth to help achieve India's target of becoming a USD 10 trillion economy by 2030. States have to work together and learn from each other to radically transform India. State governments should encourage more conducive policy environment and role of the state must be to emerge as a facilitator of private investment and growth.

***What are the ways in which states can be more pro-active in ideating solutions and implementing policy prescriptions to accelerate the manufacturing sector? What steps states are taking to build trust & move from red tape to red carpet?***

**4. Climate change and SDG goals:** The global fight against climate change is at a critical juncture India's pledge to reach net-zero emissions by 2070 was one of the most important announcements at COP26 and the country has renewed focus towards ESG, renewables, green economy, electric mobility, green hydrogen and have directive policies for achieving SDG 2030 goals. Going ahead, we need to considerably increase our share of renewables in power generation, and innovate to emerge as most competitive global producer of alternate energy such as green hydrogen.

***With 'Going green' and 'Net-zero' being the buzz words of the day, how will India's commitment be translating into action through government policies and implementation by businesses? Specially, with MSMEs, a major section of the ecosystem, how do we see them navigating these competing and complementary choices?***

**5. Diversity and Inclusion:** India has now overtaken China to become the most populous country in the world and is forecast to add 97million people to its working population over the next 10 years. With a relatively young population, India not only gets a competitive advantage in terms of workforce but also an opportunity to unleash the consumption power of a young population. However, India has a female labour participation rate of around 23%, which is less than half of the global average of 47%. Only 14.4% is the women representation of the 17th Lok Sabha and 14% of Secretaries in the IAS were women in 2022. Even women representation in top positions in business still lags behind that of men. In order to channelize growth, organisations must encourage more female participation in the workforce at all levels, from point of entry to CXO levels and have more women in Boards and leadership positions.

***Going beyond the SEBI guidelines, how Corporate India has evolved in its efforts to encourage D&I considering it is directly proportional to productivity and profits?***

**6. Select Sectoral Focus:** India's growth is poised to accelerate. The country, however, is on the threshold – where the possibilities need to be channelized in the right direction.

To have a **healthy India** and to make India the 'healthcare destination' of the world the shared vision of our government and all stakeholders from healthcare providers, pharma, medtech companies and innovators should

be aligned. Healthcare industry is growing at a CAGR of around 23 per cent and is emerging as India's largest service sector.

To ensure, that the growing India to never go hungry, it is important to encourage **value addition in agriculture**. Scaling up of infrastructure and supply chain in agriculture alongside enhanced R&D and exports of food processing sector will impart not just greater resilience but more equitable distribution of resources to all of India's growing population.

To warrant the young population is **educated and skilled**, Indian education system is undergoing a structural shift from its traditional avatar to a more skill-based system & Edtech is playing a major role to democratise education.

To continue India's embracing the **digital age** and emerging as the fastest-growing ecosystem for fintech innovations, government and private sectors are in harmony. The Indian Software-as-a-Service (SaaS) ecosystem has become a global leader behind only the US in scale and maturity- total annual recurring revenue (ARR) of Indian SaaS firms has grown four times to \$12-\$13 billion in 2022, while investments into this sector has risen six times to \$5 billion over the past five years. Digitization has spurred the growth of start-ups, with India recording more than 61,400 start-ups as of March 2022, making it the third-largest start up ecosystem after the US and China.

***The policy discourse and industry's approach towards the key sectors will define the economic paradigm of the nation. How would some of these focus sectors help to establish the linkages to ensure a robust growth for India?***

### **Call to Action**

Please block your calendar for **26-27 October 2023** for **PAFI's 10<sup>th</sup> Annual Forum**. Sponsorship opportunities are available.

You may also peruse through the proceedings and session recordings of [\*\*PAFI's 9th Annual Forum\*\*](#), held on **22-23 September 2022**.

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