

View: Growth drivers to drive India story

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Synopsis

India aims to double its current annual GDP of close to USD 3.5tn to USD 7tn by 2027, and to reach USD 10tn by 2030. The International Monetary Fund (IMF) expects India to average a growth rate of 6.1% over the next five years, with India predicted to contribute 15% of global growth in 2023, helping to make it the world's third-largest economy by 2027. India must focus on encouraging investments, nurturing businesses and expanding its manufacturing and exports. States will need to transform their policies to facilitate private investment and growth while pledging to achieve net-zero emissions by 2070.



The [India](#) story is dynamic and promising for the coming decade. 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, and is a country of possibilities.

India will have to continue to sustain and accelerate this positive momentum over the next seven years. Some of the growth drivers which would help to achieve USD 10 trillion target could be:

Firstly, encouraging investments and nurturing businesses: 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 seventh most preferred global destination for FDI flows. Government has been extremely proactive in 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).

Manufacturing and exports

India is a complex nation and handholding for businesses is essential, especially to scale up DI. India needs strong, globally competitive manufacturing and, at least 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%. 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. 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. Government must continue to have a positive outlook towards businesses and the desire to have conducive policies around it would indeed make doing [business](#) not only easy but a pleasure in India. Promoting trust-based governance at all levels should be of utmost significance for the Government.

Secondly, 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.

Thirdly, climate change and SDG goals: The global fight against climate change is at a critical juncture India and pledge to reach net-zero emissions by 2070 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. 'Going green' and 'Net-zero' are the buzz words of the day.

Fourth, 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. Companies would have to safeguard themselves to counter the threats from these globally impacting risks and attempt to hedge its bearing on the outcome of the business.

Fifth, diversity and inclusion: India has now overtaken China to become the most populous country in the world and is forecast to add 97 million 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.

Finally, I would highlight some sectoral focus 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 & intense application of edtech. To continue India's embracing the digital age and emerging as the fastest-growing ecosystem for fintech innovations government and private sectors must be 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. It is indeed heartening to walk the path of growing India together by all the stakeholders.

These are some of the issues and ideas but the key is to implement them in a coordinated and mission mode manner in

next seven years to reach the goal of \$10 trillion economy.

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