



India Calling – 2009

BRUSSELS, BELGIUM

Sept. 30 – Oct. 2

GUL KRIPALANI

PRESIDENT

INDIAN MERCHANTS' CHAMBER

INDIA

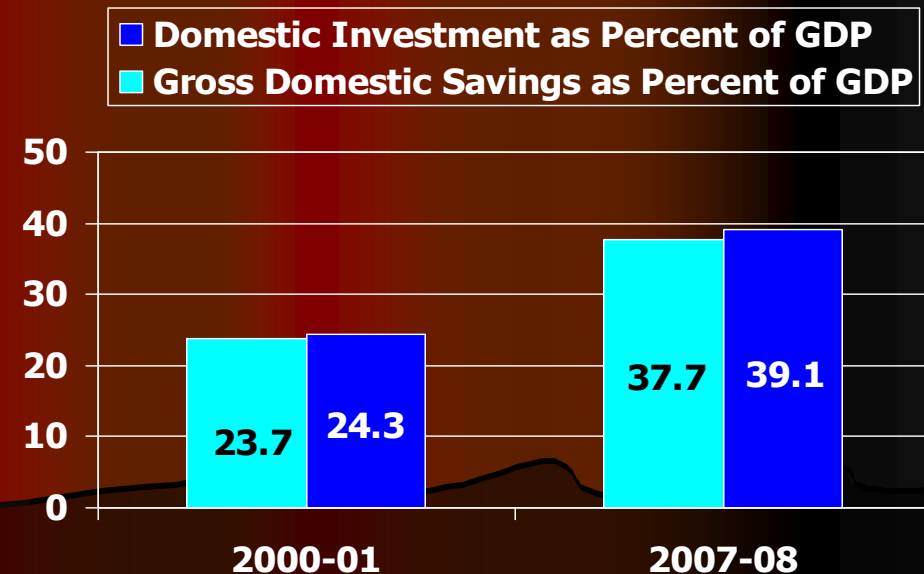
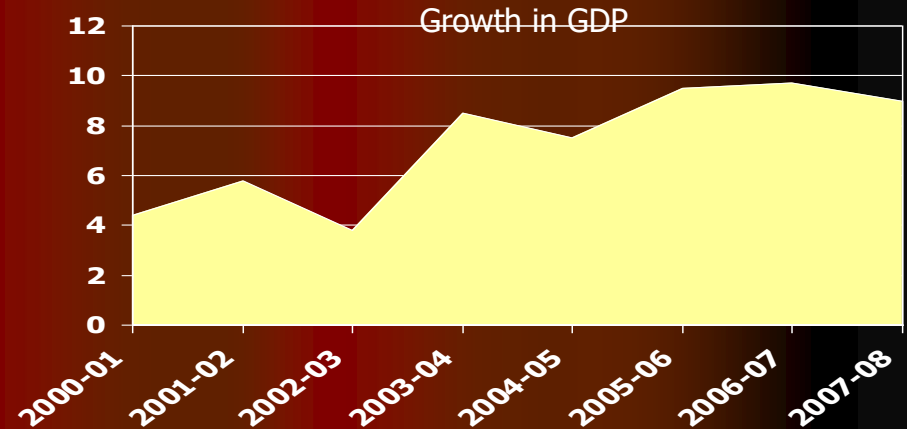
India : A Glimpse

- ❑ Located in South Asia
- ❑ Home to Indus Valley Civilisation
- ❑ Renowned for historic trade routes
- ❑ Blessed with a unique time zone
- ❑ Recognized for commercial and cultural wealth
- ❑ Amalgam of varied religions



India- An Emerging Economic Powerhouse

- ❑ **5th largest economy** in World - GDP (PPP)
- ❑ **2nd fastest growing** economy
- ❑ Average growth at **8.8% p.a.** during 2003-08
- ❑ **Massive jump** in savings & domestic investment rate
- ❑ **By 2025 - GDP at 60%** of size of US economy



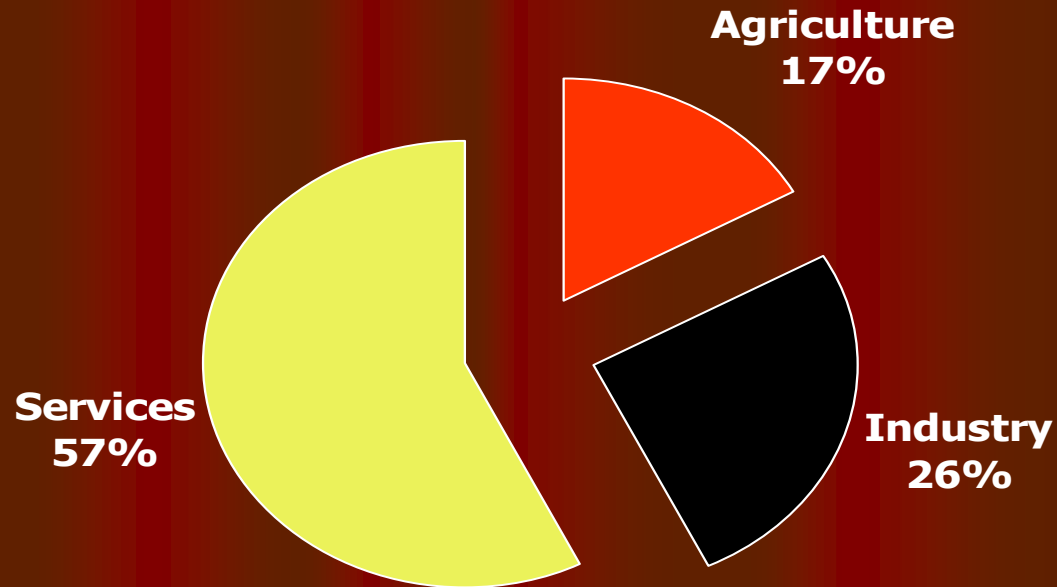
The Global Economic Crisis and India

- ❑ World Bank: India-Weathered the crisis '**extraordinarily well**'
- ❑ **Moderate impact** of crisis on Indian economy
- ❑ **Certain factors** shielded India from a massive shock
- ❑ India, however, **not completely insulated** from crisis
- ❑ India **to continue with stimulus packages** till convinced about global recovery
- ❑ Can stand strong even without stimulus support **backed by its entrepreneurial class**

Key Trends in the Indian Economy

☀ Services Backed Growth:

- **Flourishing** services sector.
- Contributes to **more than half of GDP** -employs only 1/3rd of labour force



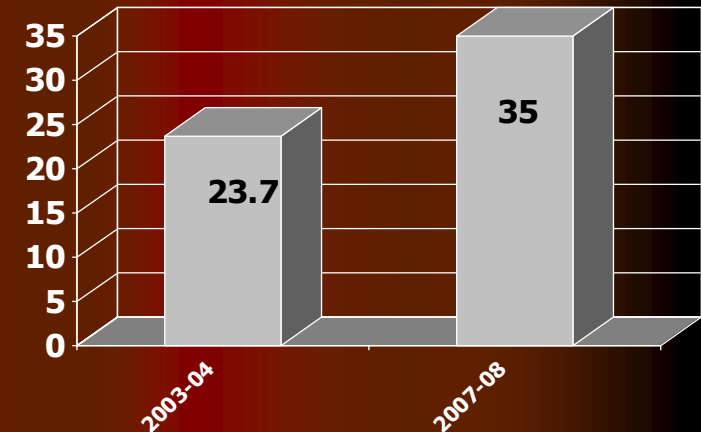
☀ **Rising Manufacturing Competitiveness:**

- **India- Global manufacturing hub**
- **Vital role - Small and Medium Enterprises**
- **Most competent industries include**
 - ♦ Textiles
 - ♦ Iron and steel
 - ♦ Gems and jewellery
 - ♦ Leather manufactures
 - ♦ Chemicals & pharmaceuticals
 - ♦ Oil & gas
 - ♦ Auto & auto ancillaries
- **Displayed prowess in automotive space**
- **Liberal investment policies and high quality manufacturing**
- **US\$ 180-billion investment opportunity**

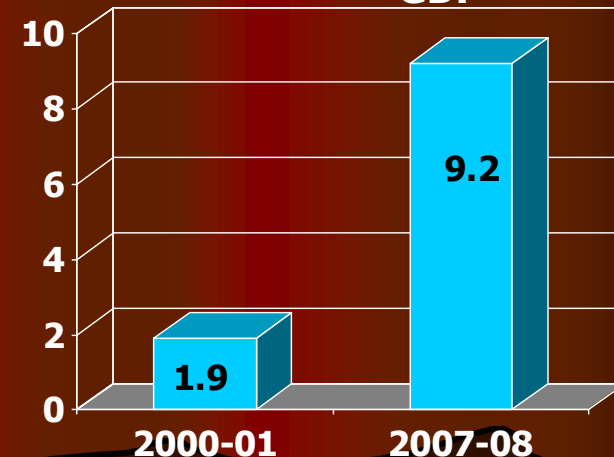
☀ Increasing Global Integration:

- **External sector** gained importance since 1991
- **Augmenting share** of merchandise trade in GDP
- Escalating **services exports**.
- **Attractive destination** for foreign capital inflows.
- **Flood of FDI**s since 1991 reforms

Share of Merchandise Trade in GDP



Net Capital Inflows as Percent of GDP



☀ **Burgeoning Middle Class:**

- **5th largest consumer economy by 2025; at present 12th**
- **Indian Middle class to grow from 5 to 40% of population by 2025**

● **Young Demographics:**

- **94% population - children and working age group**
- **Working age population to increase by 500 million during 2000-2050**
- **By 2050 - 1.16 billion people in working age group**

☀ **Rising Pool of Young Graduates:**

- **Literacy spreading in rural and urban areas**
- **80% of 15-24 year old population literate**
- **3.5 million graduates and post graduates annually**

☀ **Rapidly Expanding Rural Economy:**

- **'India lives in villages'** – Mahatma Gandhiji
- More than **70% of population** in rural areas
- **Rural demand** - the driver of economic growth in India
- Size of rural economy is roughly **Rs. 13,170 billion**
- By 2017, Rural economy to **surpass urban market by three times**
- **28.2% of** total 400 million **telecom subscribers from rural areas.** Yet **tele-density low**
- Major **structural shift taking place in rural economy**
- Increase in **non-farm job opportunities**
- **FMCG, automobiles and organized retail** – key **growth sectors**

The Way Forward

- 'Key Trends' in Indian economy suggest **India on high growth path**
- **Sustaining this growth** of crucial importance.
- **Two factors play an important role in**

```
graph TD; A[Sustainable Development] --> B[Innovation & Creativity]; A --> C[Environment Friendly Growth];
```

Sustainable
Development

Innovation
&
Creativity

Environment Friendly
Growth

☀ Role of Innovation

- **'Innovation is all about converting ideas into new or improved products, processes and services and transforming knowledge into wealth'**
- Indians playing invaluable role in global innovation chain
- Need - **Conducive policy ecosystem** that gives importance to innovation
- **'Innovation ecosystem'** includes –
 - ✓ Idea incubators
 - ✓ Technology parks
 - ✓ Conducive intellectual property rights regime
 - ✓ Enlightened regulatory systems
 - ✓ Academics who believe in not just 'publish or perish', but 'patent, publish and prosper'
 - ✓ Potent inventor-investor engagement
 - ✓ Adventure capital and
 - ✓ Passionate innovation leaders.
- In Dr. Mashelkar's words **'India should have a National Innovation Policy'**

☀ **Sustainable Ecology for a Sustainable Economy**

- Global warming and Climate Change - **Serious impact on human existence.**
- Sustainable development - key to developed, safe and prosperous world
- *Sustainable Development* means
'a pattern of resource use that aims to meet human needs while preserving the environment so that these needs can be met not only in the present, but also for future generations'.
- Environmental sustainability - paramount for sustainable development.
- Only '**sustainable ecology**' can yield a '**sustainable economy**', which is the theme of Indian Merchants' Chamber for 2009-10 under my Presidentship

- India to begin **Greening of its national income accounting**
- Sustainable energy investment in India at **US\$ 3.7 billion in 2008**
- India has emerged as **world leader in green IT potential**
- Indians willing to pay 5% or more for green technology
- Majority of corporates recognise that energy management is important

India and EU: Drawing Synergies

- India and EU both aim to make economies **competitive**
- Both believe in the role of '**innovation**' and '**sustainable development**'
- Lisbon Strategy (2000) - EU aims to transform itself into the world's most **competitive and dynamic knowledge based economy**
- India, emerging as a **knowledge and service driven economy**
- **Immense potential to draw synergies** from each other
- **Skilled professionals/researchers from India** can help EU and Technology prowess of EU can prove useful to India
- Many **EU countries are top rankers in the 'Global Innovation Index'** and India has vast scope to benefit from this

- For **sustainable development**, India and the EU should enhance partnership with each other
- Both regions have agreed to cooperate in **areas of science & technology and education and health**
- **U.K. already partnering with India** on many joint research projects
- Many more initiatives to be encouraged and that is exactly what the **India Calling conference seeks to achieve**

India Holds Promise

- India offers –

- ✓ Demographic Advantage
- ✓ Qualified, English speaking population
- ✓ Cost-effective labour force
- ✓ Amalgam of expanding & diverse markets
- ✓ Emerging entrepreneurial class
- ✓ Well developed financial markets and robust legal institutions
- ✓ Proactive Govt. pursuing path of reforms incl. Public-Pvt partnership
- ✓ Introduction of New-Age Governance reforms

Thank You!