

India As Emerging Land of Opportunities

***Bhavya Bohra**

Abstract

India is the second-largest growing country; the demand for almost everything is always high. Hence India is an ideal place for investment. Many MNCs have already invested heavily in India, which has created a ripple effect of job creation and wholesome economic activities. More people have more purchasing power now.

When it comes to economic prosperity, India is the greatest progressing country in the world. India's economy is the sixth-largest economy in the world measured by nominal GDP. The Government is categorized as a newly industrialized country, one of the G-20 major economies. India is an essential member of BRICS and a rising economy with a standard growth rate of around 7% during the last two decades. India's economy is known as the fastest-growing economy in the previous quarter of 2015.

The Indian Government is also investing hugely in developing the necessary infrastructure. The Government is equally making better policies to provide financial advance and security for its citizens. So the future is quite bright and promising. Demonetization, GST, Pradhan Mantri Jan Dhan Yojna, etc. are some of the Government's reforms.

The quality research paper includes the reasons to invest in India; One of the world's fastest-growing economies, the largest youth population globally, Indian infrastructure story, Rising global competitiveness, Global Innovation Index 2020, and Rising economic influence. It also includes analyzing five opportunities for growth and transformation, such as promoting acceptable living standards, improving the urban infrastructure, unlocking women's potential, manufacturing for India, and Riding the digital wave.

The paper concludes that India is indeed a land of opportunities for the medium to long term. It is currently going through the growing pains of an emerging economy. But increased penetration, formalization of the economy, high savings and investment rates, and rapid digitalization will help sustain high economic growth rates for a long time.

Introduction

A little more than 25 years ago, India embarked on a journey and economic liberalization that powered a growth wave, unlike any country's history. The nation's culminating is becoming a \$3 trillion economy in 2019, and a quick look at the underlying fundamentals reveals that more is yet to come.

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Powered by a burgeoning middle class expected to grow to 89 million households by 2025 with rising per capita incomes, India will be one of the largest consumer markets by the mid-21st century. The consumption base is one part of the equation, the other being a robust business ecosystem capable of meeting its demands. Here too, India has made rapid progress, jumping from 142nd in 2014 to 63rd in 2019 in the World Bank's ease of doing business report. Then, India has accelerated its growth and done so while pursuing macro-stability, inclusive and sustainable development. But even in this growth story, there remain a few growth champions whose achievements are noteworthy.

India's Growth Champions

The ranking identified the fastest growing companies among all Indian industries using specific criteria; companies had to have generated minimum revenue numbers over three years to register and apply, be independent entities, and have primarily demonstrated organic growth. It ensured that the only companies included are genuine economic substance, sustainability, and credibility apart from being financial accelerators.

Talking about the initiative, Friedrich Schwandt, CEO & Founder of Statista, stated, "India has produced such a large amount of stellar companies over the years that it has become hard to keep track, even for engaged observers. That's the reason why we decided to link arms with The Economic Times and launch this mega-research project; we wanted to provide an overview of the entrepreneurial superstars, the most impressive accelerators of the Indian economy."

Thomas Clark, Partner at Statista, raised a few pertinent points. "If you look closely at this inaugural ranking, you will see that it reflects the ongoing transformation of the Indian economy extremely well. 28% of the winners engage in traditional sectors such as industrial goods, construction, and food. Yet, they were already surpassed by tech and financial services firms, which together account for 29%."

The numbers bear out India's changing face; 40% of the growth champions come from Bengaluru, Mumbai, Hyderabad, and Delhi, while Tech (21%), Industrial Goods (13%), Food, Beverage & Restaurants (8%), Construction & Property (7%), and Financial Services Companies (7%) make up a majority of the mix.

Growth in focus

While arguments abound around revenue v profitability, it is interesting to note that Amazon, one of the world's largest companies, has never been incredibly profitable as it focuses relentlessly on long-term growth. While profitability has been the most crucial currency historically, in the 21st century, explosive growth has been proven possible even with wafer-thin profit margins. Given the emergence of Venture Capital and other financing means, companies can remain afloat without profit being the be-all and end-all.

Indeed, suppose you look at an economical value. In that case, revenue growth is often the best currency, and revenue was chosen as a metric for this ranking as it is of importance to the economy.

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These Growth Champions create innumerable jobs and opportunities and act as critical economic stimulants.

Given the current cooling down of global economies, we must hold aloft the stellar contributions of standout companies as exemplars of what can be achieved. This ranking will be an annual endeavor highlighting companies showing the way for others even in a challenging economic environment.

Deepak Lamba, President, Times Strategic Solutions Limited, opined, "As one of the youngest economies of the world, India's drive and enterprise are best reflected in these change makers that have been rightly lauded as India's Growth Champions. This one-of-a-kind ranking underlines the gold standard for growth and excellence, and we hope their feats will inspire the broader diaspora of India Inc. to aim ever higher as they script their own growth stories."

Growth is often a business priority but also an elusive target. India's Growth Champions represent a coterie of companies that have mastered the art of growing from strength to strength, year after year. In their successes lie lessons we can all glean wisdom from, for to seek growth is a deeply human instinct.

A CASE STUDY DEPICTING INDIA A LAND OF OPPORTUNITIES

Why India and why now?

Australian business has long put India in the 'too hard' basket. There are three overriding reasons why this must change: scale, complementary economies, and spreading the risk.

For Australian companies with a global focus, the key question is whether they can afford not to be in the world's fastest growth economy. India's scale is extraordinary. By 2025, one fourth of demographic dividend will be Indian. By 2030, internet users in India will reach to 850 million. By 2035, India's economies of five largest cities will have comparable size to middle-income countries today.

There is no market over the next 20 years, which offers more growth opportunities for Australian business than India. The targets set out in this report would see Australian exports to India grow from \$14.9 billion in 2017 to around \$45 billion measured in today's dollars, and outward Australian investment to India rise from \$10.3 billion to cover the \$100 billion mark, reflecting a transformational expansion of the relationship. That is the size of the opportunity and the critical lesson for Australia of India's scale, the momentum built into its growth trajectory, and the underlying complementarity between our two economies.

The opportunities, however, will not fall into our lap. They require a sharper national focus on India by the Government, an unambiguous commitment by Australian business, and a deeper understanding by both Government and industry of the magnitude of what is unfolding in an Indian market place which will only get more crowded. They will also require an approach to India's investment relationship that markedly differs from the Australian investment trajectory in most other Asian markets.

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This report has a simple message. The transformation of the Indian economy is underway. Its progress will be uneven, but the direction is clear and irreversible. To realize the opportunities this opens up, we need to make a strategic investment in India, backed up with an ambitious, long-term, and multidimensional Australian strategy-driven at the Australian Government's highest levels.

Australia should set itself the goal by 2035 to make India the leading exporter in the world markets, to make it the leading exporter in Asia for Australian external investment, and to take it into the inner circle of strategic partnership of Australia.

REASONS TO INVEST IN INDIA

1. One of the world's fastest-growing economies

- For the first time, India has crossed the \$70 Bn mark in F.Y. 2019-20 and recorded a total FDI inflow of \$73.45 Bn.

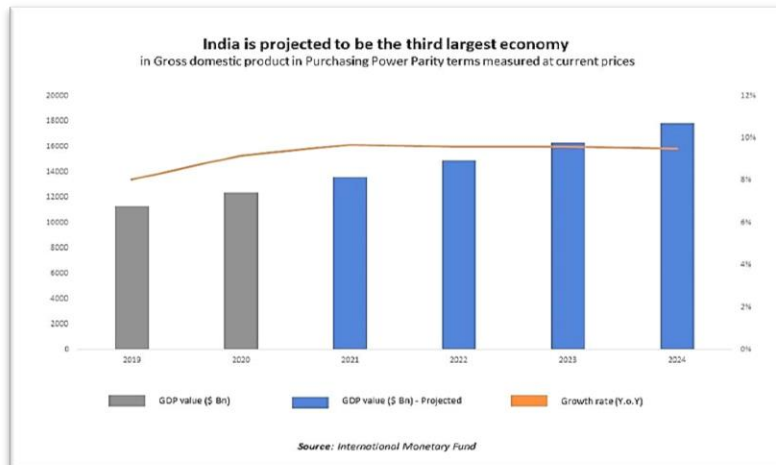
Source: Department of Promotion of Industry and Internal Trade, Govt. of India

- Hon'ble PM Shri Narendra Modi announced a unique economic and comprehensive package of more than \$270 Bn - equivalent to 10% of India's GDP, under the Atmanirbhar Bharat Abhiyan (Self-reliant India).

Source: Prime Minister's Office, Ministry of Finance

- India to remain one of the fastest-growing economies in the world. IMF projects a growth of 8.8% for India in 2021.

Source: International Monetary Fund



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2. The largest youth population in the world

- India's population is expected to raise from 121.1 cr to 152.2 cr during 2011-36, an increase of 25.7% in twenty-five years.

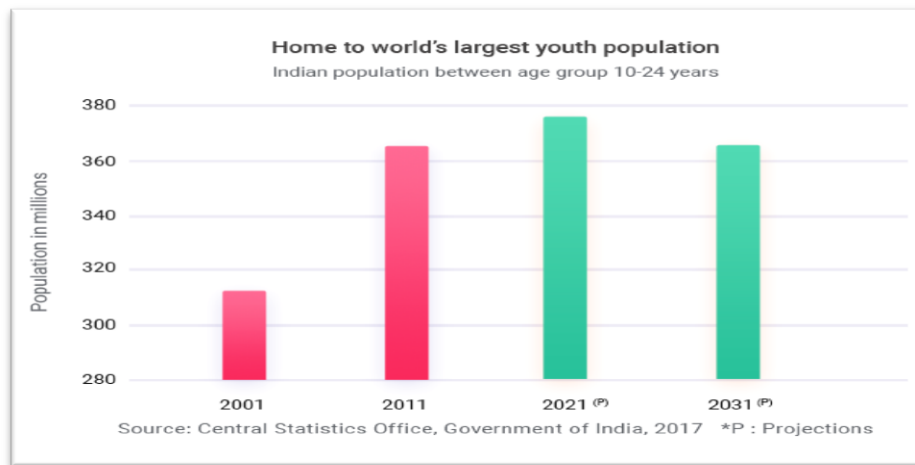
Source: National Commission on Population, Ministry of Health & Family Welfare

- India has its largest ever adolescent and youth population. It will continue to have one of the youngest people in the world till 2030.

Source: United Nations Population Fund

- India has the third-largest group of scientists and technicians in the world.

Source: All India Management Association, The Boston Consulting Group



3. Indian infrastructure story

- Hon'ble Finance Minister Smt Nirmala Sitharaman announced the National Infrastructure Pipeline's first-of-its-kind initiative to provide world-class infrastructure.
- The NIP will attract investments into infrastructure and be crucial for becoming a \$5 Tn economy by F.Y. 2025.
- Nearly 7,000 projects across different sectors costing above INR 100 Crore per project and totaling INR 111 Lakh Crore have been identified.
- Sectors such as Energy (24%), Roads (18%), Urban (17%), and Railways (12%) amount to around 71% of the projected infrastructure investments in India.

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Source: Department of Economic Affairs, Ministry of Finance and India Investment Grid

- By 2030, it is estimated that around 42% of India's population would be urbanized from 31% in 2011.

Source: World Bank



4. Rising global competitiveness

- India jumps 79 positions from 142nd (2014) to 63rd (2019) in 'World Bank's Ease of Doing Business Ranking 2020'.

Source: World Bank

- India ranks 68th on the Global Competitiveness Index 2018-19.

Source: World Economic Forum

- 95% of 1.2 billion Indians are covered under the Aadhar Scheme, one of the world's most extensive social security programs.

Source: Press Information Bureau, Government of India

- Pradhan Mantri Jan Dhan Yojana, a formalization of savings scheme under which 312 mn bank accounts have been opened with savings amounting to \$11.6 bn.

Source: Ministry of Finance, Government of India

- Goods and Services Tax (GST), the most significant tax reforms since independence, paves the way for a common national market by integrating various indirect taxes.

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Source: Government of India



5. Global Innovation Index 2020

- India jumps four positions and ranks 48th in the Global Innovation Index 2020 rankings.

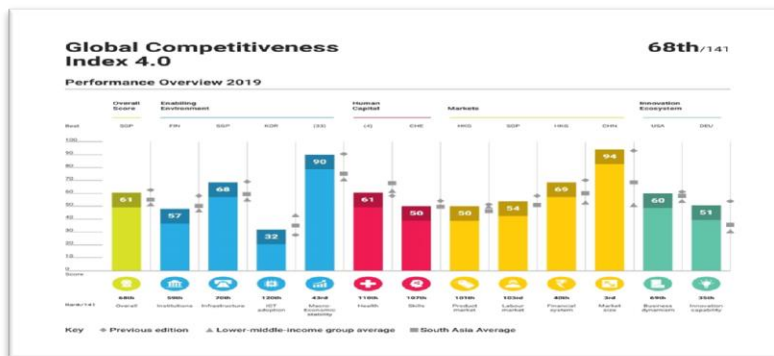
Source: World Intellectual Property Organization

- India ranks #1 in the Central & Southern Asia Region

Source: World Intellectual Property Organization

- India ranks 3rd amongst the Lower Middle-Income Economy Group.

Source: World Intellectual Property Organization



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6. Rising economic influence

- Centre of global maritime trade to move from the Pacific to the Indian Ocean Region. India and China will be the largest manufacturing hubs of the world by 2030.

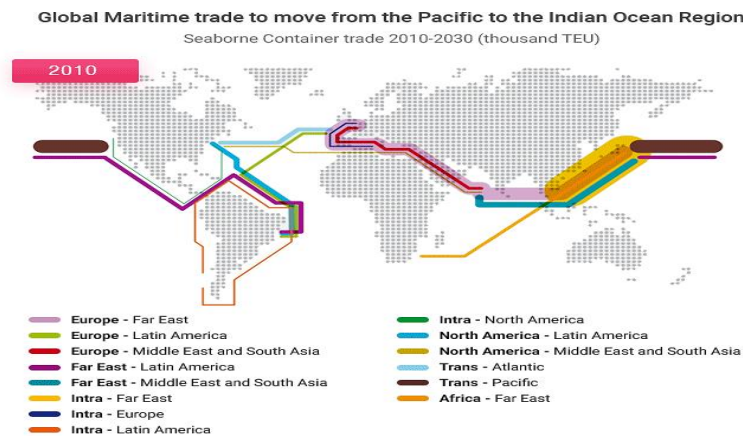
Source: Lloyd's Register Marine & University of Strathclyde, Glasgow

- Connectivity to Central Asia and Europe via the International North-South Transport Corridor (INSTC).

Source: Press Information Bureau, Government of India

- In the next five years, India to have more significant economic influence across the Asia-Pacific Region.

Source: Baker McKenzie & Mergermarket Group



REVIEW OF LITERATURE

1. India is a secular country where many culture and religions are flourishing with peace and prosperity because the culture and tradition in India is deeply rooted within the minds and hearts of people which they have gained from their rich culture.

Due to globalization and advancement in technology things have changed and today people are living and working in a global market place where they are eating Indian food, wearing Chinese garments, driving German cars and working in an American company. The world is changing at a tremendous pace and so is India. Because of consistent growth performance and abundant high skilled man power India is attracting enormous opportunities for foreign investments which brings a lot of multi-

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national corporations and diverse culture in working in India. India is also recognized for its fiercely competitive education system and is one of the largest providers of experienced scientists, engineers and technicians, making it an attractive market for foreign business. Globalization has several pros and cons, as globalization enhances cross cultural effectiveness and communication level between cultures on the other hand cultural differences are also highlighted in globalization. India is very complex country and the customs and traditions are very rigid and people or organization who come to India for business often find that the course of success in India is not very smooth because different parts of India has different customs and traditions.

SOURCE: - UKEssays. (November 2018). India as the Land Of Culture.

RESEARCH METHODOLOGY

The researcher has adopted the qualitative study formed on the bases of sentimental analysis to understand the cause of downfall of the economy plus the viewpoints of experts regarding the financial impact due to this pandemic on the nation. Statistical tools have been used to demonstrate and classify the detailed assessment expressed throughout the interviews, news, talks between business tycoons and other sources.

For the further study, I have referred 10 research papers done by great researchers and ranked among the top journals like Best overall, Journal of Management, Journal of Finance and many more. The study depicts that India is the second most populous country in the world. Reforming a country of this size, with its multitude of political parties and an unwieldy bureaucracy, is no small feat. Not surprisingly, translating policy measures from paper to action has been a very slow-moving process in India. I did notice that the scale and pace of activity have gathered momentum. Every major town and city I went to (nearly 10) was undergoing major infrastructure build-out. This work, of course, made traveling a nightmare but also raised my hopes that my next visit will be much more pleasant.

DATA ANALYSIS

India's ascent: Five opportunities for growth and transformation

The country could create sustainable economic conditions in five ways, such as promoting acceptable living standards, improving the urban infrastructure, and unlocking women's potential.

Twenty-five years ago, India embarked on an economic liberalization journey, opening its doors to globalization and market forces. We, and the rest of the world, have watched as the investment and trade regime introduced in 1991 raised economic growth, increased consumer choice, and reduced poverty significantly.

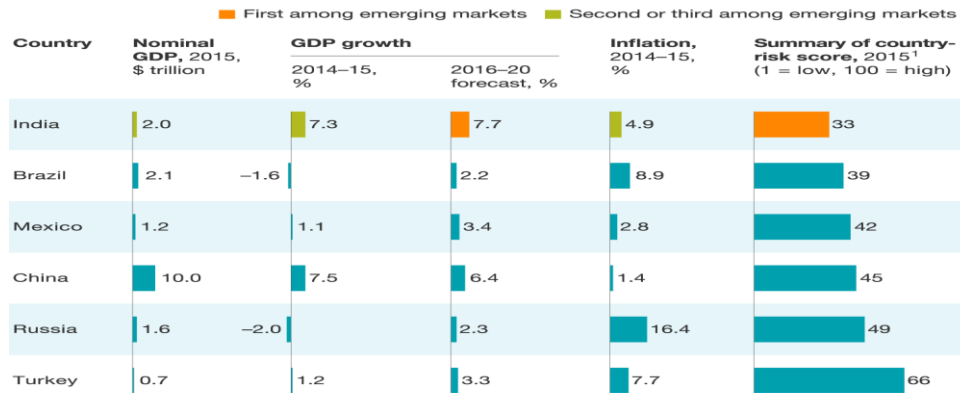
Now, as uncertainties cloud the global economic picture, the International Monetary Fund has projected that India's GDP will grow by 7.4 percent for 2016–17, making it the world's fastest-growing large economy. India also compares favorably with other emerging markets in growth potential. (Exhibit 1). The country offers an attractive long-term future powered mainly by a consuming class expected to more than triple, to 89 million households, by 2025.

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Exhibit 1

India’s growth potential compares favorably with that of most other emerging markets.



¹Composite index (political, financial, and macroeconomic).
 Source: The Economist Intelligence Unit; IHS; McKinsey Global Institute analysis
 McKinsey&Company

Liberalization has created new opportunities. The challenge for policymakers is to manage growth so that it forms the basis for sustainable economic performance. Although much work has been done, India's transformation into a global economic force has yet to benefit all its citizens fully. There's a vast unmet need for essential services, such as water and sanitation, energy, and health care, for example, while red tape makes it hard to do business. The Government has begun to address many of these challenges, and the pace of change could accelerate in the coming years as some initiatives gain scale.

From our vantage point, India has an exciting future. In the new McKinsey Global Institute report India's ascent: Five opportunities for growth and transformation, we look at game-changing prospects for the country's economy and the implications for domestic businesses, multinational companies, and the Government. The five areas we focus on by no means provide a comprehensive assessment of India's prospects, but we believe they are among the most significant trends. Foreign and Indian businesses would do well to recognize these opportunities and reflect on how to exploit them.

1. From poverty to empowerment: Acceptable living standards for all

The trickle-down effect of economic liberalization has lifted millions of Indians from indigence in the past two decades. The official poverty rate declined from 45 percent of the population in 1994 to 22 percent in 2012, but this statistic defines only the most dismal situations. By our broader measure of minimum acceptable living standards—spanning nutrition, water, sanitation, energy, housing,

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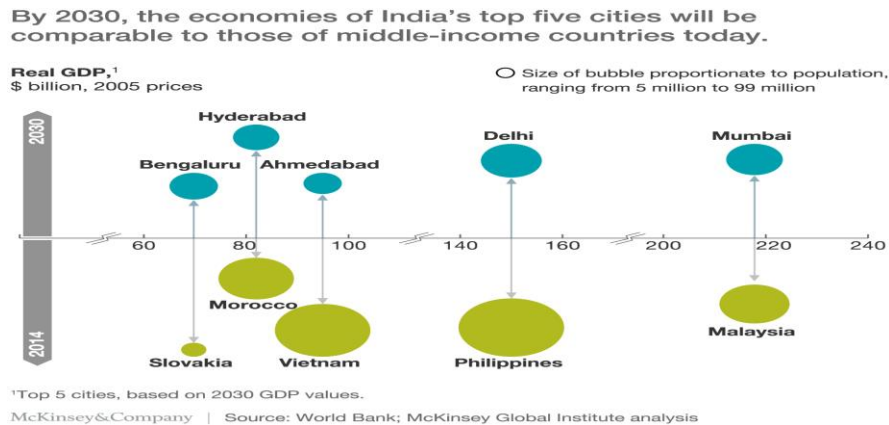
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education, and healthcare—we find that 56 percent of Indians lacked the basics in 2012.

The country will need to address these gaps to achieve its potential. The task is certainly within India's capacity. Still, policymakers will have to promote an agenda emphasizing job creation, growth-oriented investment, farm-sector productivity, and innovative social programs that help the people who need them. The private sector has a substantial role to play both in creating and providing effective essential services.

2. Sustainable urbanization: Building India's growth engines

By 2025, MGI estimates, India will have 69 cities with more than one million each. Economic growth will center on them, and the most significant infrastructure building will take place there. The output of Indian cities will resemble towns in middle-income nations (Exhibit 2). In 2030, for example, Mumbai's economy, a mammoth market of \$245 billion in consumption, will be bigger than Malaysia's today. The next four cities by market size will each have annual consumption of \$80 billion to \$175 billion by 2030.



These cities will have to become more livable places to achieve sustainable growth, offering clean air and water, reliable utilities, and vast green spaces. India's urban transformation represents a massive opportunity for domestic and international businesses that can provide capital, technology, and planning know-how, as well as the goods and services urban consumers demand.

3. Manufacturing for India, in India

Although India's manufacturing sector has lagged behind China's, there will be substantial opportunities to invest in value-creating businesses and create jobs. India's appeal to potential investors will be more than just its low-cost labor: manufacturers there are building competitive businesses to tap into the large and growing local market. Further reforms and public infrastructure investments could make it easier for all manufacturing businesses—foreign and Indian—to achieve scale and efficiency.

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4. Riding the digital wave: Harnessing technology for India's growth

Twelve powerful technologies will benefit India, helping to raise productivity, improving efficiency across significant sectors of the economy, and radically altering the provision of services such as education and healthcare. These technologies could add \$550 billion to \$1 trillion a year of economic value in 2025, according to our analysis, potentially creating millions of well-paying, productive jobs (including positions for people with moderate levels of formal education) and helping millions of Indians to enjoy a decent standard of living.

5. Unlocking the potential of Indian women: If not now, when?

Our research suggests that women now contribute only 17 percent of India's GDP and makeup just 24 percent of the workforce, compared with 40 percent globally. In the coming decade, they will represent one of the largest potential economic forces in the country. If it matched the progress toward gender parity of the region's fastest-improving country, we estimate that it could add \$700 billion to its GDP in 2025. The movement toward closing the gender gap in education and financial and digital inclusion has begun, but there is scope for further progress.

Public-sector efforts to address the five areas are underway. The Government is attempting to improve the investment climate and accelerate job creation—India's ranking on the World Economic Forum's Global Competitiveness Report climbed to 55 in 2015–16, from 71 a year earlier. Officials are moving to make the Government more efficient, using technology to leapfrog traditional bottlenecks of weak infrastructure. One billion Indian citizens, for example, are now registered under Aadhaar, the world's most extensive digital identity program and a powerful platform for delivering benefits directly to the poor.

CONCLUSION

India is indeed a land of opportunities for the medium to long term. It is currently going through the growing pains of an emerging economy. But increased penetration, formalization of the economy, high savings and investment rates, and rapid digitalization will help sustain high economic growth rates for a long time. According to Capital Economics estimates, the Indian economy will triple in size in the next two decades, and its share of world GDP will increase from 8 per cent to 16 per cent. This is undoubtedly a size that will not go unnoticed.

Chart 1: Shares of World GDP (% , 2018, PPP Ex Rates)

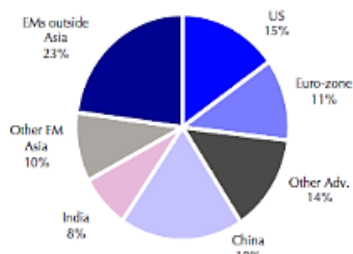
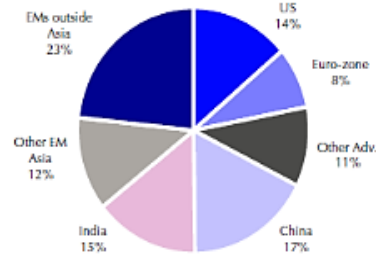


Chart 2: Shares of World GDP (% , 2040, PPP Ex Rates)



Source: Capital Economics

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Technological advances are rapidly revolutionizing India's economy. Nearly 500 million people are online in India, even as basic Internet service has not yet reached 70 percent of India's population. The scale and potential are massive and will likely enable India to leapfrog a generation of older technologies. Everywhere I went, I observed people glued to their smartphones (which I wasn't too excited about!). From a business standpoint, however, this digital revolution could present tremendous growth opportunities. There is an increasing proliferation of Internet-only companies with no brick-and-mortar presence. Digital transactions are growing more rapidly than cash transactions. Global integration is occurring at a fast clip, with increased awareness and access to global brands.

India's cost advantages come alongside its democratic fabric, emphasizing transparency and rules-based international order. India's willingness to meet its supplier obligations without weaponizing trade provides the global business community with predictability and fair dealing.

So how can India capitalize on these advantages and opportunities? India's government should adopt a phased strategy, prioritizing several immediate, medium, and long-term components.

Get down to brass tacks: In the near term, the Government announces eye-catching schemes like "Make in India" to invite companies to manufacture in India's eastern coast and traditional manufacturing clusters. To set the right tone, Government has establish effective communication through business-friendly channels to convey easy availability of land in mega special economic zones (SEZs), ready-to-move-in facilities, sector-specific business-friendly regulations, a simple labor code, tax breaks, and other incentives aimed at bringing its manufacturing competitiveness on par with the most competitive destinations in Asia.

Government target the low-hanging fruits: India aim at targeting low-hanging fruits in the next six-to-eight months, winning major investment deals in sectors where the economy has domestic supply chains. Moving up the value chain is far easier when there is an underlying ecosystem. Targets could include pharmaceuticals, mobile phones, machinery, and other sectors where there is a robust network of small and medium-sized enterprises (SMEs). These rapid early successes will set the momentum in attracting subsequent mega manufacturing investments in other sectors.

Strengthen long-term commercial diplomacy: For the rest of his second term, Modi will place a particular emphasis on India's commercial diplomacy, expanding diplomatic strength in critical missions to engage business leaders with increased vigor. Often, India's commercial offices in main tasks are understaffed. To this end, the Government enables the lateral entry of some of India's best

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private sector professionals with sectoral and negotiating expertise into the diplomatic corps. India should have its best commercial diplomats in friendly capitals like Washington, D.C., Tokyo, Seoul, and Singapore and missions to important commercial cities, including San Francisco and Osaka, to reinforce India's position as the next big manufacturing destination.

Investment opportunities across sectors

Underlining that there are extensive opportunities for investment in India, PM listed key sectors:

Technology: Citing the example of a recent report which noted that there are more internet users in rural India than in urban cities, PM said there are about half a billion active internet users in the country now, while over half a billion more people are being connected. He also mentioned opportunities in the frontier technologies of 5G, Big Data analytics, Quantum Computing, Block-chain and Internet of Things.

Infrastructure: Stating that the nation is witnessing the largest infrastructure creation drive in history, he invited US companies to partner in building houses, highways and ports in the country.

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