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Year-9, Issue-5, August 2019, Price : ₹300, USD 10

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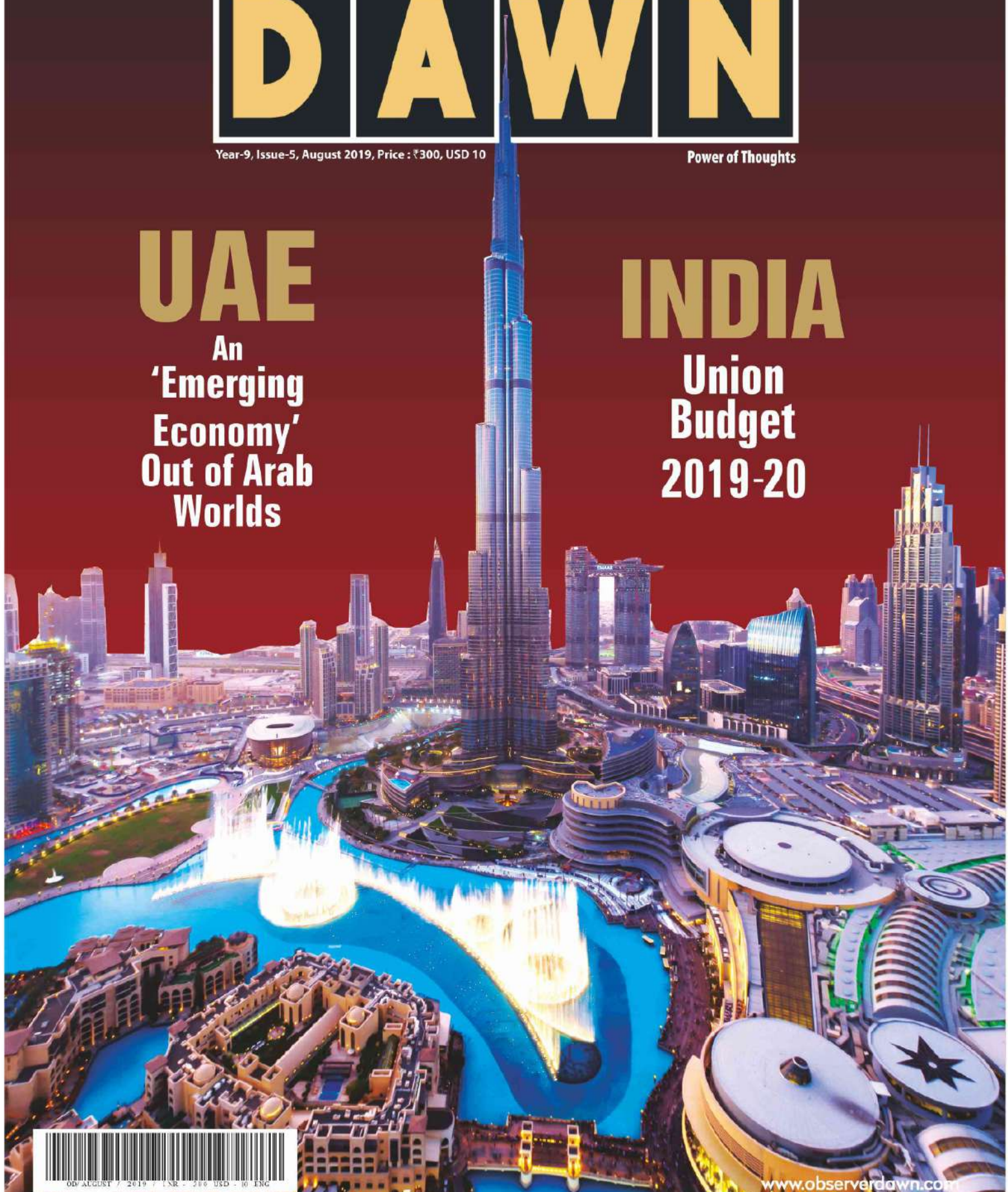
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MOVING TOWARDS A \$10 TRILLION ECONOMY: INDIA 2030

India is at the cusp of a global economic revolution, being one of the fastest growing economies in the world with an average growth rate of about 7%. The projections made by the International Monetary Fund (IMF) state that India is likely to grow consistently at higher rates and continue its economic upswing till 2020.



Mr. Sunil Kumar Gupta
Leader - India, IEBF

The Niti Ayog (Planning Commission) has projected the Indian economy to grow by an average annual rate of 8% in the next fifteen years. It believes that India has the potential to become a \$10 trillion economy only when its growth rate increases from 7% to 10% annually, which if sustained, can make the Indian economy a \$10 trillion economy by 2030.



India has emerged as one of the most attractive destinations for doing business. Sustained business reforms over the past several years has helped India jump 23 places to move to the 77th position in the World Bank's Ease of Doing Business rankings 2019. The prime focus now is to secure a place in the top 50 countries by 2022. Achieving the 50th position will be a huge milestone for India as it will further open up the economy by creating plethora of opportunities for doing business in the country. Major Sectors Contributing to the Indian Economy:

1. Information Technology

According to data shared by Nasscom, the Indian IT & BPM Industry is expected to reach \$ 350 billion by 2025. The domestic software market presently values at \$ 4.8 billion with expected Compound Annual Growth Rate (CAGR) of 10%. Technology will be the most critical pillar of the Indian Economy in 2030. Products being the major driver of growth in the next decade, role of mobile companies and telecom providers is indispensable. In 2017, India accounted for 500 million internet users. This number is expected to reach 850 million by 2025 which is more than the combined population of G7 Countries with 75% of the users coming from tier 1 and tier 2 cities. To make this look more staggering, the number of smartphone users in India will reach 1.2 billion by 2030. Taking

a sector wise look at major tech industries would further show the massive impact the economy is going to see in the next decade.

ARTIFICIAL INTELLIGENCE

In order to rank in capacity building to adopt the technology for public service delivery and exploit its innovative potential, the NITI Aayog is on the planning stage

to develop a framework for artificial intelligence (AI) readiness index. It has proposed a funding of Rs 7,500 crore over 3 years for creation of cloud computing platform called AIRAWAT and research institutes. This is expected to add \$957 billion to India's GDP having annual growth of 1.3 percent points by 2035. IT SERVICES IT services marked the inception of Information technology in India with likes of Infosys, TCS, Wipro, HCL and others generating tons of revenues and jobs. IT services is considered to be one of the major sectors contributing towards economic development, keeping in mind the burgeoning demand for digital services and solutions. According to IBEF, in 2018-19 export revenue from digital segment reached \$137 billion forming about 20 per cent of the industry's total export revenue. IT services exports are projected to add \$10 billion during the fiscal year, to touch \$ 126 billion. The industry is expected to grow to \$ 350 billion by 2025 and BPM is expected to account for \$ 50-55 billion out of the total revenue.

E-COMMERCE

The Indian e-commerce industry has undergone major transformation and witnessed significant growth in the past few years. With a CAGR of 30% , the e-commerce market is projected to grow to \$ 200 billion by 2026. Much of the growth in the industry has been triggered by the ongoing wave of digital

transformation in the country.

Technology driven innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements are the major reasons for changing preferences of Indian consumers towards online shopping. Apparel is the largest category for online retail, followed by consumer electronics, and computer hardware. Besides these, grocery, beauty and cosmetics, home appliances, and furniture are also popular categories among online shoppers. The Indian e-commerce industry is expected to continue its growth trajectory to become the 2nd largest in the world by 2034.

FINTECH

With majority of the population still devoid of banking and insurance, the sector is going to be huge boost to economic development of the said population and the economy as a whole. According to Mckinsey Global Institute, as many as 300 million Indians could gain access to banking services and raise their incomes by 5 to 30%.

HEALTHCARE

Recent years have seen significant traction in healthtech in India. According to Nasscom, the Indian healthcare market is valued at \$1 billion and is likely to grow 1.5 times by 2020. The healthtech saw a total funding of \$ 302 million in 2017 across 55 deals.

EDUTECH

Edutech will play a pivotal role in educating the next billion workforce. According to a report by Kpmg+google, Online education industry will be a \$1.96 billion industry by 2021. The report finds that the paid user base will grow 6X from 1.6 million users in 2016 to 9.6 million users in 2021.

2. Entrepreneurship

The Indian Startup Ecosystem has become sector agnostic, vibrant and multi dimensional in terms of solving problems both for consumers and businesses, generating employment and creating globally acceptable products. Global Investor giants like Softbank, Alibaba, Tiger global, Tencent and other hedge &

Venture Capital firms are aggressively placing bets given the size of Indian market, internet and smartphone penetration. The credit also goes

to Indian Unicorns like Flipkart, Ola, OYO, Zomato and Paytm conquering the market and inspiring the young guns.

According to NitiAyog, India is expected to have about 1 lakh startups by 2026 with an investment of approximately \$ 400-\$ 500 billion.

The Government has also shown promise, speed and urgency in respect of making efforts, framing policies and taking initiatives to bolster the startup ecosystem. Startup India, Pradhan Mantri Mudra Yojana and Stand up India are some key policy initiatives taken in this respect.

PRADHAN MANTRI MUDRA YOJANA

With the purpose of 'funding the unfunded' in a bid to social and economic development, the Mudra Yojana was launched on April 1 8, 2015 for providing loans up to Rs.10 lakh to the non-corporate, non-farm small/micro enterprises. The Yojana is targeted to aid semi-skilled, unskilled and youth from tier 3 towns & villages who are willing to do business but are devoid of financial and technical and liasoning support.

STANDUP INDIA

Standup India scheme endeavors to create a conducive environment which works to provide support by helping them set up enterprises, obtain loans, and avail general day to day support in doing business.

3. Infrastructure

A rapidly growing economy, increasing urbanisation, and a government dedicated to bolstering the infrastructure of the nation- India is on its way to cementing its place as one of the world's biggest construction powerhouses. The sector currently employs 44 million people and contributes 9% to India's GDP. India needs about \$ 1.5 trillion investment in the infrastructure sector in the next 10 years. Under Union Budget 2019-20, the Government has allocated US\$ 63.20 billion to the sector.





REAL ESTATE

The Indian real estate sector has transformed significantly over the decade. Indian Real Estate market is projected to become the third largest sector globally, touching USD 1 trillion by 2030. A survey conducted by KPMG in association with Naredco and APREA revealed that the India has consistently improved upon its global real estate ranking since 2014. The sector is estimated to grow to \$ 650 billion by 2025 and surpass \$ 850 billion by 2028 to touch \$ 1 trillion by 2030.

ROADWAYS

The highways sector in India has been at the forefront of performance and innovation. With a total road network of 5.5 million km, India has the 2nd largest road network in the world. The Government of India has decided to invest Rs 5.35 lakh crore (US\$ 741.51 billion) for construction of new roads and highways by 2022.

RAILWAYS

The Indian Railway network is growing at a healthy rate. India has the world's third-largest railway network under single management. A 'New Online Vendor Registration System' has been launched by the Research Designs & Standards Organisation (RDSO), which is the research arm of Indian Railways, in order to have digital and transparent systems and procedures.

4. Education

Education is one of the fundamental constituent of Socio Economic Development. No nation can achieve sustainable development without investing in education as a service and as infrastructure. By 2020, the average age in India will be 29 years, Europe at 45 years, China at 35 years, and the US at 31 years. India has over 250 million school going students, more than any other country. It also has one of the largest networks of higher education institutions in the world. India has 903 universities, 39,050 colleges and 36.64 million young people in college. Close to 80 lakh graduates pass out of colleges every year. By 2030, there will be close to 70 million young people in colleges, making it the largest college going population in the world. India's higher education segment is anticipated to increase to \$ 35.03 billion by 2025.

5. Energy

Given the 1.3 Billion Population, it is needless to say what role Energy Sector has to play in India. Major concerns in the energy sector have been more about wind and solar which have remained untapped since 70 years mainly on the reasons of political discipline and resources at disposal, both financial and technological. As evident from commitments made in Paris Climate accord, the Government is committed to increase the use of clean energy sources and promote green energy by reducing the emissions intensity of GDP by 33%-35% below the 2005 level and increase the share of non-fossil fuels in total capacity to approximately 40% by 2030. Renewable energy sources have a combined installed capacity of 62.85 GW, pegged at around 18.8% of the country's total energy capacity. The Cabinet Committee on Economic Affairs (CCEA) has approved commercial coal mining for private sector and the methodology of allocating coal mines via auction and allotment, in order to prioritise transparency, ease of doing business and ensuring the use of natural resources for national development.

6. MSME

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural and backward areas, thereby reducing regional imbalances and assuring more equitable distribution of national income and wealth. MSME sector contributing a mammoth 50% to the GDP is regarded as the backbone of the Indian Economy. SMEs are expected to be a \$ 25.8 billion by 2020. Owing to MSME, India is expected to have the largest job-market ready youth population in the world by 2020, the sector is sure to support India in improving its financial inclusion and mitigating the rural-urban divide.

7. Make in India

There has never been a better time for 'Make in India'. Since the launch of this campaign in 2014 the obsolete and restrictive framework of the past have been abolished and replaced with a more transparent and user friendly system that focuses on driving growth and establishing a New India. It is intended to

increase the share of manufacturing to 25% of GDP and Make in India is a critical initiative to achieve this objective. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector. It is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India.

The Make in India initiative is built on four pillars, namely: New Processes, New Infrastructure, New Sectors & New Mindset. The focus of Make in India programme is on 25 sectors. These include: automobiles, aviation, chemicals, IT & BPM, pharmaceuticals, construction, defence manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism and hospitality, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems. The government hopes to create 100 million new jobs by 2022, thereby giving a push to the Indian manufacturing sector and to provide them with a stronger role in domestic job creation. India is expected to become the world's fifth largest economy in 2019, reaching a total GDP size exceeding \$3 trillion, and overtaking United Kingdom and by 2025, Indian GDP is expected to surpass Japan, which will make India the second-largest economy in the Asia-Pacific region.

8. Digital India

India has chartered a unique path to digitisation and its impact is inclusive, empowering and transformative. It is emerging as a hub for 'Digital Skills'. The Digital India initiative was established as a flagship program to transform India into a digitally empowered society and knowledge economy. The Campaign envisages a \$ 20 billion investment covering mobile connectivity throughout the country, re-engineering of government process via technology and enabling e-delivery of citizen services. India has the 2nd largest internet subscriber base in the world with approximately 500 million users. This number is projected to increase to approximately 850 million users by 2025, which is more than the combined population of G7

countries. Digital India program has the potential to provide an incremental 20-30% increase in India's GDP by 2025.

Conclusion

It is a new dawn for India and currently the trend is set on IT sector, followed by infrastructure. However, the new surge in entrepreneurship, education and renewable energy will create a great impact on GDP in the next decade. The Indian e-commerce sector is also expected to go US\$ 200 billion by 2026 from US\$ 38.5 billion as of 2017. The e-commerce industry has been directly impacting the Micro, Small & Medium Enterprises (MSME) in India by providing means of technology, marketing and giving small businesses direct presence both domestically and globally along with a favorable cascading effect on other industries as well. The Indian e-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second largest e-commerce market in the world by 2034. The Government initiative that has made the maximum impact on the Indian economy is 'Make in India'. GDP contribution by each sector has improved significantly. The sectors have become more open for Foreign Direct Investment, with 100% FDI being permitted across key sectors. The initiatives and schemes have majorly relaxed government regulations and processes, leading to Improvement in Ease of Doing Business rankings. With its invigorated efforts towards an energy efficient future, India's renewable sector is attracting a lot of innovation and financial support. The strong industrial base, rapid digitisation, young population, growing infrastructure, resilient startup ecosystem in confluence with determined Government reforms will take the Indian economy to \$10 trillion and amongst the top three in the world. As India continues to sharpen its focus and achieve its targeted milestones across sectors, it is bound to become one of the most lucrative markets in the world. Attracting investment and business opportunities, it is already creating an impact on the world economy. India, today, stands at a precipice of infinite possibilities. We are hopeful that with continued impetus on growth from both the private and public sectors, India will continue to rise in its economic revolution. ■■■

About the Author

The Author, **Mr. Sunil Kumar Gupta** is an entrepreneur par excellence, a philanthropist and a great visionary. He is the leader of **Indo European Business Forum (IEBF)**, India; the Founder Chairman of **SARC & Associates**; Life Member of Delhi & District Cricket Association (DDCA) and National Sports Club of India (NSCI). He is also a Fellow Member of the Institute of Chartered Accountants of India (ICAI); Fellow Member of the Indian Council of Arbitration; Full Member of the Institute of Certified Public Accountants of Uganda (CPA-U). He has over 33 years of experience in diverse fields such as statutory and internal assurance services, corporate planning, finance, taxation, banking, education, investments, oil & gas and project implementations.

Mr. Gupta acknowledges the concept of entrepreneurship as the strongest pillar of an empowered economy. He appeared in two highly recognized and much appreciated business shows, namely, '**Business Inside**' on DD National (Doordarshan) and '**Big Business Ideas**' on Zee Business in the year 2017 which garnered more than eight crore viewership during the 104 weeks of telecast and were among the highest TRP rated shows.

In keeping with the spirit of dissemination and to share the knowledge acquired through his experience, Mr Gupta has also authored many books namely '**Make in India**', '**Window to Success-An Insight into MSME Sector**', '**North East-The Land of Rising Opportunities**', A practical guide to '**The Prohibition of Benami Property Transactions Act, 1988**', '**Big Business India Guru-Know How to Make in India**'.