

# India Unleashed: Charting a multi-decadal growth story

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**Efforts to revitalise the rural economy, leveraging digital public infrastructure to create seamless linkages in the economy, policies bolstering manufacturing, and a consumption boom that could last several decades driven by our burgeoning youth population will contribute to making India a nation with huge economic heft**

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## India is amidst a major growth cycle

In my three decades in the financial services industry, I have witnessed the steady evolution of India's economic prowess, cementing its position as an economy to watch out for. Persistently advancing, our country has maintained a steady pace of growth, scaling to become one of the largest economies in the world and contributing around 15 percent to global growth.

My extensive travels across different regions of the country have unequivocally reaffirmed my conviction that India has embarked upon a path of sustained multi-decadal growth. Big-ticket reforms and a change in the social system through poverty alleviation are

ushering in a new era of economic fortitude. Under the leadership of Prime Minister Narendra Modi, the Government of India has taken some formative steps to empower Bharat.

### **Modernising Agriculture**

My roots in rural India have helped me witness the pivotal role played by agriculture in our economy. Over the years, I have seen significant advancement in this space. Modernisation initiatives and the use of science and technology have yielded better agricultural output. In recent years, India has rapidly emerged as a net exporter of agricultural products. In 2020-21, exports of agriculture and allied products from India grew by 18 per cent over the previous year.



## Bullish on India

During 2021-22, agricultural exports reached an all-time high of US\$ 50.2 billion. Mechanisation initiatives, encouraging crop diversification, use of technology to build market linkages and the creation of the Agriculture Infrastructure Fund have been game changers. In addition, income support to farmers through the Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) and providing access to agricultural credit and crop insurance have provided financial security to farmers.

This will help big time for the rural economy to contribute to India's growth. In addition to this, we have also witnessed significant improvements in rural infrastructure, leading to a rising contribution to our consumption-led growth.

## **Seamless Economic Linkages**

India however has gradually evolved from being an agrarian economy. At the heart of this new India lies the creation of a single market through which Goods, Services and Capital can move around freely and has significantly boosted the economy. India's unique ecosystem of Digital Public Infrastructure (DPI) has been at the forefront of technological adoption and innovation within the financial system through India Stack.

The foundation laid has created seamless linkages that have improved the ease of doing business, increased the productivity and efficiency of government systems, and improved the quality of life for citizens.

A case in point is the linkage of the tax system in every part of the country that has improved tax collection efficiencies manifold. I strongly believe that an improving tax-to-GDP ratio as a result of efficient tax collection, can pave the way for future tax cuts, spurring consumption in the country.

## **Growth Cycle In Manufacturing**

We believe India's growth can be fired by a double engine i.e., led by services and manufacturing. India is already a significant player in global services. However, it is now focussing on growing its share of manufacturing. India targets to grow its domestic manufacturing through reforms while providing incentives to grow exports.

With a focus on encouraging domestic production and increasing exports, India is striving to harness its potential across the four factors of production which are land, labour, capital, and entrepreneurship.

I believe India is amidst a major growth cycle in manufacturing for the next decade. India should gain the most from the structural advantages of a large workforce, competitive wages, high literacy, robust domestic demand, and strong engineering skillsets. We have already demonstrated our ability to manufacture for the world in sectors such as automobiles, specialty chemicals, electronics and building materials.

## **Youth Driven Growth**

With a teeming 140 crore in human capital, we surpassed China to become the most populous in the world. But more than being a challenge, India's young working population is likely to lead a new consumption boom that could last multiple decades, more so in the next 10 years. The country's Gen Z and millennials account for 50 percent of the total population and are focused on lifestyle spending.

A young working population, higher per capita GDP (and disposable income) that increases the propensity to spend, rapid urbanisation, nuclearisation of families, and rising awareness as well as aspiration levels fuelled by social media are set to take consumption to the next level.

India holds a favourable position in various global indices including Happiness Index and this is expected to strengthen in the future, propelled by different economic and social welfare measures for a well-rounded growth. It is my conviction that India is on its path to becoming self-sufficient on all parameters, characteristic of a country that is ready to unleash its full potential, as it primes its position on the world stage.

***A Balasubramanian is CEO, Birla Sunlife AMC. Views are personal, and do not represent the stand of this publication***



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