

Regional Agenda

World Economic Forum on India From Deliberation to Transformation

National Capital Region, Gurgaon, India 6-8 November 2012





II JIR



لکشمی

xi



लक्ष्मी

API
175

RJ-14
4744

© World Economic Forum
2012 - All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means, including photocopying and recording, or by any information storage and retrieval system.

The views expressed are those of certain participants in the discussion and do not necessarily reflect the views of all participants or of the World Economic Forum.

REF 111112

Contents

- 3 Preface
- 4 News from Gurgaon
- 6 Governance and Policy Hold the Key to Risk Resilience
- 12 Investing in India's Future
- 18 From Potholed Side Road Back onto the Golden Turnpike
- 25 Acknowledgements
- 30 Further Information

Co-Chairs

Paul Bulcke
Chief Executive Officer
Nestlé
Switzerland

Kris Gopalakrishnan
Executive Co-Chairman
Infosys
India

Siddhartha Lal
Managing Director and Chief Executive Officer
Eicher Motors
India

Chhavi Rajawat
Sarpanch of Soda
Village Council of Soda
India

Jasmine Whitbread
Chief Executive Officer
Save the Children International
United Kingdom

Preface



Sushant Palakurthi
Rao
Senior Director
Head of Asia, World
Economic Forum

After nearly three decades of close partnership with leaders from government, industry and civil society in India, we take great pride in the multistakeholder community we have built with the tremendous support of our Indian Member companies and partners such as the Confederation of Indian Industry (CII). Today, our engagement in India not only holds our second largest base of Member companies worldwide, but also the second largest number of Young Global Leaders and Social Entrepreneurs, reflecting our identity as a neutral platform for leaders from all walks of life.

In recognition of India's emergence as one of the most important G20 economies and to underscore the Forum's continued commitment as a trusted partner to India, we are looking forward to establishing a physical presence of the Forum in India within the coming year. This will be the Forum's fourth office outside of Geneva, alongside locations in Beijing, New York and Tokyo.

For the first time in its 27 years, our annual summit in India convened as the World Economic Forum on India, in line with the Forum's regional activities elsewhere in the world. Under the theme "From Deliberation to Transformation", the meeting provided an opportunity for over 650 participants to outline a blueprint for a post-crisis India and create a new model of practical and effective governance to rebuild trust, not only in India, but also in the wider South Asian region.

The Co-Chairs of the World Economic Forum on India reflect the diversity of leadership from sectors and regions around the world and highlight the importance of continual dialogue across stakeholder groups. This year's programme focused on improving risk resilience and shaping India's future growth alongside the parallel imperative of developing the region's human capital – particularly the importance of prioritizing girls and women, who represent half of the human capital.

The openness of discussions and straight talk during the meeting on such issues as gender disparity, corruption and confronting the need for inclusive governance made clear that Indians are prepared to move from deliberation to action. They are ready and open to transforming their problems into opportunities, while deepening India's dynamic democracy.

The World Economic Forum is grateful to its Members and communities for their commitment and participation in the 2012 World Economic Forum on India, and we look forward to welcoming you to next year's gathering.

News from Gurgaon

This meeting's Sub-themes:

- A** Redressing Risk
- B** Developing Human Capital – Prioritizing Girls and Women
- C** Fulfilling the Future Promise of India



Social Entrepreneur of the Year India 2012

The Schwab Foundation for Social Entrepreneurship and the Jubilant Bhartia Foundation has honoured Anshu Gupta, Founder and Director of Goonj, as the 2012 Social Entrepreneur of the Year for India. Goonj channels excess resources in urban households to impoverished rural and disaster-prone areas. Materials include clothes, furniture and electronic equipment. The company collects and delivers 1,000 tons of material every year across 21 states of India. Goonj also supports village and slum communities in infrastructure/local development projects. The award was conferred in New Delhi in the presence of Sheila Dikshit, Chief Minister of the National Capital Territory of Delhi. For more information, visit the website at www.schwabfound.org or follow the Foundation on Twitter at www.twitter.com/schwabfound.org.



Building a Culture of Accountability

India is known for its high level of business sophistication and innovation. Yet, its performance on transparency and corruption indices leaves substantial room for improvement, with India ranking 95th on the Corruption Perception Index. Establishing a strong sense of credibility in government and the development of adequate capacity for enforcement must be addressed to ensure the success of India's efforts against corruption. A new report, *Transparency for Inclusive Governance: An Assessment of India*, was launched in a joint session between the Global Agenda Council on India and the Forum's Partnering Against Corruption Initiative (PACI). The report was produced by PACI in cooperation with PwC. More information about PACI: www.weforum.org/issues/partnering-against-corruption-initiative.



Engaging Tomorrow's Consumer in India

In 2011, more than 17 million households comprised the middle class in India. The country's population is projected to have a median age of 31.5 in 2030, and India is expected to be an urban majority country by the late 2030s. With a growing, young and urban middle class, consumption in India must meet today's needs without compromising those of future generations. However, research shows that there is a clear gap between consumers' intentions and actions when it comes to sustainability. The Forum's Engaging Tomorrow's Consumer initiative seeks to understand how to transform demand to enable sustainable lifestyles. In Gurgaon, the initiative drew insights from cross-industry and multidisciplinary participants on how to engage Indian consumers to trigger simple behavioural shifts that enable more sustainable lifestyles and create business value. For more information on the initiative, visit www.weforum.org/issues/sustainable-consumption.

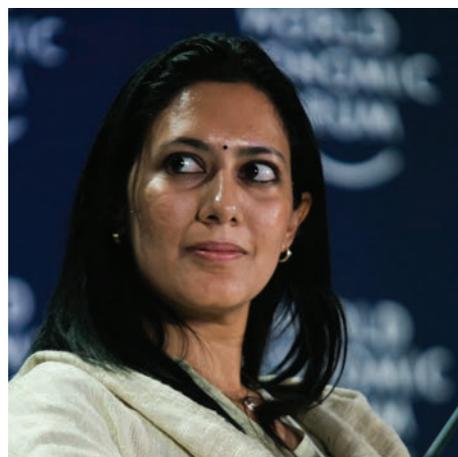


Shaping India

The Global Shapers Community is a network of city-based Hubs developed and led by leaders between 20 and 30 years old who want to develop their leadership potential in serving society. Members of the Hubs undertake grassroots projects to improve their communities. Global Shapers are selected on the basis of their achievements, leadership potential and commitment to making a difference. Each Hub connects with other Hubs worldwide and to other Forum communities; there are currently six Hubs in India. More than 25 Global Shapers took part in the World Economic Forum on India to represent the voice of youth, as well as in a mini-summit for Global Shapers in India to discuss opportunities and challenges in the region. For more information, visit www.globalshapers.org or forumblog.org/communities/global-shapers/.

Governance and Policy Hold the Key to Risk Resilience

Is India heading into the middle-income trap? This question is being asked as economic growth slows and an array of global and domestic risks continues to threaten the economy. The answer will lie in the extent to which India is able to develop resilience to these risks. Improving governance and policy-making, and encouraging innovation, are the most significant steps in this direction.



“

Bandwidth has huge potential to take information to the last mile... It can be a platform for rural India to be heard.

”

Chhavi Rajawat Sarpanch of Soda, Village Council of Soda, India; Co-Chair of the World Economic Forum on India

As an emerging economy with significant numbers of disadvantaged people acutely vulnerable to domestic and global risks, India needs to guard against the erosion of confidence that risk can engender, both at home and among investors around the world. The human cost of these risks is remarkably large in India's case, which lends greater urgency to efforts aimed at improving resilience against them.

One of the biggest risks to India's socio-economic progress stems from its persistent neglect of infrastructure, a key enabler of economic progress, in a range of sectors including transport and energy. Despite overall consensus that India must encourage investment in infrastructure, it has yet to actually deliver by offering sufficient incentives to investors who, after all, have finite capital and seek the most conducive conditions globally.

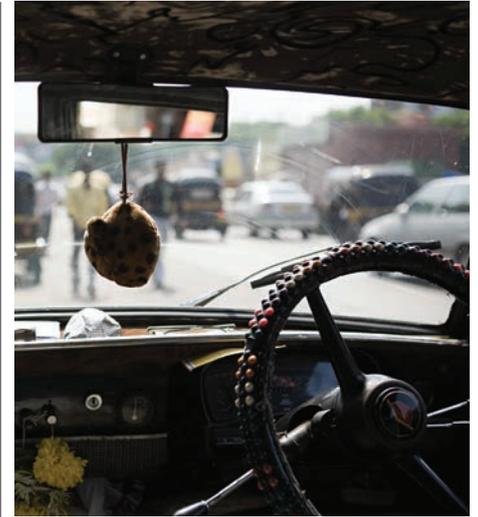
Climate change, water and food insecurity, which are deeply intertwined, also pose serious challenges to India's stability and growth. Water scarcity has adverse implications for agriculture, for farmers' buying power and for food prices. Rising food prices propel inflation, prompting the central bank to

keep interest rates high, which in turn affects the ability of businesses to invest and of consumers to spend.

At the same time, as India grows, lack of environmental sustainability and inclusiveness are creating the risk of social, political and economic upheaval. Entire regions and social groups like the Dalits, women, tribals and Muslims have been left behind even as the economy gallops ahead. Inequality perpetuates poverty through corruption, lack of opportunity and lack of access to good governance. The result is already visible in the armed Maoist conflict raging in one-third of India's 600 districts,

Meanwhile, India is witnessing urbanization at a scale and speed not seen in history, with the potential to rip apart its social, political and economic fabric. And with urbanization come its attendant risks, such as those tied to health, water provision and transport safety.

To manage these challenges and effect the necessary structural changes, India needs innovations in the delivery of public services, in policy-making and in governance.



A Safety Roadmap

The annual death toll due to road accidents in India is among the highest in the world. Accidents have a deep social impact as well as a high economic cost. An effective strategy for improving road safety would include education, enforcement of laws and functional and safe road and vehicle designs. In a session on road safety, experts discussed how the high rate of accidents and fatalities can be brought down and what steps the government and manufacturers can take to reverse the trend. They agreed that reforms at the institutional level are needed. Road design is another key factor: a poorly conceived design can result in injury and death. Government agencies should prioritize safe designs when awarding contracts for highways and roads. Educating people about road safety would raise awareness of the risks associated with risky driving practices. But most important in reducing the carnage is enforcement of the laws, as a low probability of being caught and convicted provides little incentive to change behaviour. Experts agreed that technology has helped in this regard and can further support agencies in curbing violations. The government is working on the formation of the National Board on Safety and Transport, which is likely to make safety regulations easier to implement. Read the summary of the session here: www.weforum.org/india2012/summaries



01: A Safe Roadmap for India

02: Kapil Sibal, Minister of Communications and Information Technology of India



One example of such policy-making and governance innovations comes from the southern state of Karnataka, where a public-private partnership model has been applied to provide 24x7 delivery of water services with the help of technology brought in by a French company. The model was made possible by pragmatic discussions between the city and state governments on the one hand and the private company on the other. Such innovations must be replicated and scaled up to help manage urbanization better.

At a more fundamental level, however, India needs to completely overhaul its system of city governance: city-level officials such as the mayor have to be directly elected, with the power to raise taxes and finances, so that they can be held directly responsible to their electorate. City management could be made a separate line of specialization in the civil services.

Innovations and policy decisions are also required to help millions of smallholder farmers – who form the majority of India’s farm sector – get access to land, credit, irrigation, information, marketing and technology. Since public irrigation has hardly increased in recent years, there is a need to encourage rainwater harvesting and micro-irrigation. At the same time, it is imperative to prevent waste, for which steps are required to encourage the private sector to build cold storage units and manage supply chains.

All these steps demand policy initiatives and regulatory clarity and consistency. For instance, to reverse the plateauing of yields in India’s food basket – the states of Punjab and Haryana – policy decisions must be taken to encourage, for example, crop rotation and the use of micro-irrigation. Similarly, subsidies must be structured better to reduce dependency and to build capabilities instead.



“
The Indian challenge is that migration and urbanization is taking place very fast, and in a young country ... The situation will soon be that 95% of the middle class is not born of yesterday’s middle class.
 ”

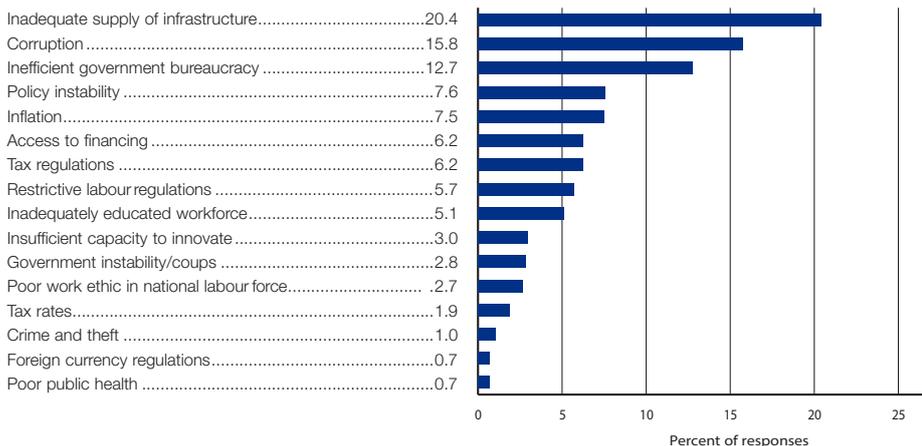
Ajit Gulabchand Chairman and Managing Director, Hindustan Construction Company, India



01: Insights into Pakistan lunch
 02: Jaidev R. Shroff, Chief Executive Officer, United Phosphorus (UPL), India

The Most Problematic Factors for Doing Business

Source: World Economic Forum, The Global Competitiveness Report 2012-2013
 Note: From the list of factors below, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

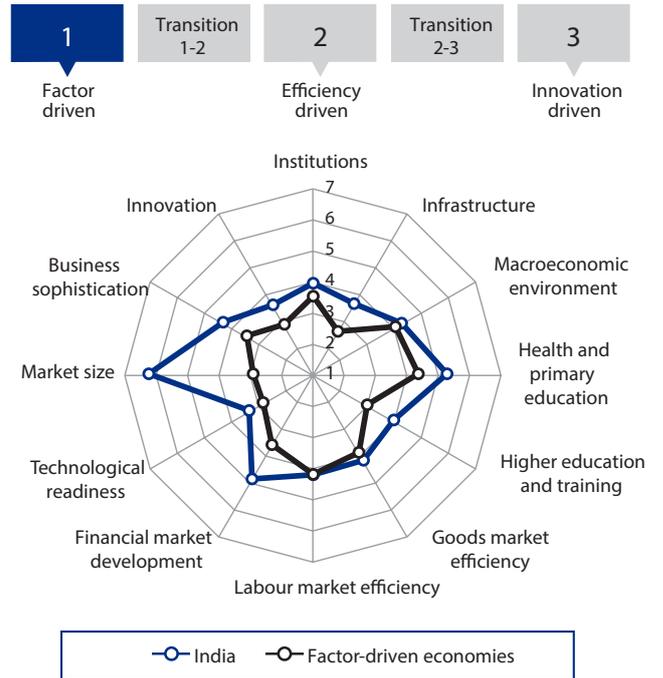


India in the Global Competitiveness Index

Source: World Economic Forum, The Global Competitiveness Report 2012-2013

	Rank (out of 144)	Score (1-7)
GCI 2012-2013	59	4.3
GCI 2011-2012 (out of 142)	56	4.3
GCI 2010-2011 (out of 139)	51	4.3
Basic requirements (60.0%)	85	4.3
Institutions	70	3.9
Infrastructure	84	3.6
Macroeconomic environment	99	4.3
Health and primary education.....	101	5.3
Efficiency enhancers (35.0%)	39	4.5
Higher education and training.....	86	4.0
Goods market efficiency	75	4.2
Labour market efficiency.....	82	4.2
Financial market development	21	4.9
Technological readiness.....	96	3.4
Market size.....	3	6.2
Innovation and sophistication factors (5.0%)	43	3.9
Business sophistication	40	4.3
Innovation.....	41	3.6

Stage of development



01: Food for All: Achieving Food Security in India
02: Siddhartha Lal, Managing Director and Chief Executive Officer, Eicher Motors, India; Young Global Leader; Co-Chair of the World Economic Forum on India



“ Inequality leads to injustice. The system entrenches perpetual poverty and inequality through corruption, through lack of opportunities, through lack of access to services and governance. ”

Kanan Dhru Founder and Managing Director, Research Foundation for Governance in India, India



Innovation in the Indian context must include a fusion of the modern way of development and traditional methods of resilience. For instance, India has its own time-honoured tradition of frugal use, recycling and reuse of materials, which can become an example for the rest of the world. As with any Black Swan event, to fight risk, India must have the correct procedures, infrastructure and human capability in place. The key is forward-looking policy-making and good governance.

Yet, as India's "summer of discontent" showed last year, two opposing forces are arraigned against each other: on the one hand India has a fractious, self-serving polity and on the other, a young generation looking for strong, forward-looking leadership. As voters are becoming more performance-conscious, civil society leaders have realized that if they can rally people behind a vision, they can build pressure on politicians to perform.

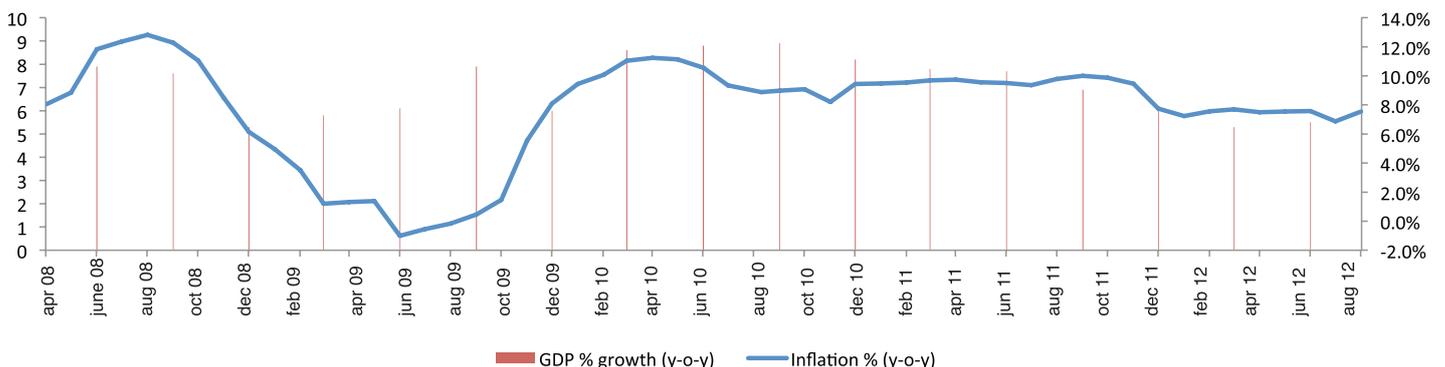
Nevertheless, the logic of politics itself is bound to force a change in governance structures. In the 2011 census (a once-in-a-decade exercise to capture data on a range of socio-economic indicators across the country), new "census towns" have emerged which are governed as villages but are of the size of urban areas. With village self-government – the *panchayati raj* – thus coming to govern towns and cities, it is only a matter of time until policy-makers have to rethink and transform city governance structures.

Eventually, good governance and politics have to come from the people. The spread of broadband has the potential to create a revolution through cheap smartphones, tablets and apps that take information and awareness to the remotest corners, to empower an electorate that demands change.

01: Madhu Trehan, Content Director, Newslandry.com, India; Chhavi Rajawat, Sarpanch of Soda, Village Council of Soda, India; Young Global Leader; Co-Chair of the World Economic Forum on India; Vikas Bajaj, Correspondent, New York Times, USA; Vineet Nayar, Vice-Chairman and Chief Executive Officer, HCL Technologies, India; Kris Gopalakrishnan, Executive Co-Chairman, Infosys, India; Co-Chair of the World Economic Forum on India; Kapil Sibal, Minister of Communications and Information Technology of India; and Vikram Chandra, Presenter and Editor, NDTV, India

Stagflation on the Horizon?

Source: Reserve Bank of India





Raising India's Resilience to Risk

The World Economic Forum on India took place in the midst of the US presidential elections, raising the collective awareness of the global dimensions to India's economic and political future. Will the United States disappear over the fiscal cliff, can China reboot its growth, and what are the implications for India's faltering economy, rising inflation and deepening divides between rich and poor? India is reaching a critical inflection point, as it is expected to surpass China as the most populous nation by 2030 and overtake Japan as the world's third-largest economy by 2015. How its leaders can secure growth amid global challenges is far from certain.

Indian business leaders, it seems, are cautious about their government's ability to respond to global risks. Defining global risks as external threats cutting across regions and industries, a World Economic Forum Risk Response Network survey asked entrepreneurs to rate their national government's overall global risk management effectiveness. The response from India ranked the country 22nd globally, ahead of their BRIC counterparts Brazil and Russia, but behind China and South Africa.

A more focused survey on global risks was completed in October in preparation for the *Global Risks 2013* report, out on 8 January. India experts singled out as of greatest concern risks including water crises, pervasive and entrenched corruption and severe income disparity. It signals that this year's "summer of discontent" demonstrations against corruption and the doubling of income inequality over the past two decades remain serious concerns for the rest of the decade.

In response to these concerns and to overcome a growing sense of policy drift, the government's latest round of reforms is focused on reviving investor confidence. It is long overdue when considering that foreign direct investment fell 42.8% to US\$ 10.4 billion in the first half of the year, according to UNCTAD.

But foreign investor confidence can be quickly lost and takes time to rebuild. In a hyperconnected world, leaders should give greater attention to bolstering India's risk resilience – a topic decision-makers and experts discussed at the World Economic Forum on India. Multistakeholder collaboration allows for mapping global risks, which are complex and interconnected by nature. And, together, they can strive to build capacity to absorb shocks and recover from them. A more resilient world – and India – will be better placed to seize its promise and deliver on its transformation. Visit www.weforum.org/rnn



01: Vineet Nayar, Vice-Chairman and Chief Executive Officer, HCL Technologies, India

02: Kris Gopalakrishnan, Executive Co-Chairman, Infosys, India; Co-Chair of the World Economic Forum on India

Investing in India's Future

India must invest in the health and education of its women to use their potential for further growth; otherwise, its demographic dividend could turn into a demographic drain.

Pulling millions out of poverty and giving better lives to future generations is a task for which India needs a healthy and productive workforce. The country's demographic dividend – half its people are under the age of 25 – could turn into a demographic disaster if the workforce merely comprises malnourished, uneducated and unskilled workers who, instead of contributing to society, are a drain on it.



“

Saving the lives of babies and mothers has to be linked to education.

”

Sarah Brown Executive Chair, The Global Business Coalition for Education, United Kingdom

India is wasting half its human capital, making the job of eradicating poverty difficult. Indian culture needs to place a much greater value on girls and women, but this will not happen until they become empowered and have a contribution to make to society and the economy. If women continue to suffer discrimination from the time they are in the womb through to school, where they are often forced to drop out, and then throughout life as they are deprived of nourishment and opportunities for growth – in short, if India fails to lift them up – the country will fail to realize its dream of becoming a developed society.

The working population is set to grow by around 240 million by 2030 – a potentially great force for productivity and wealth generation. Yet, given that half of all Indian children are malnourished, what will they be able to contribute? Of these malnourished children, many girls will either never enrol in school or drop out a few years later. After being married at an early age, they will stay at home under the control of their husbands and with no control over their reproduction.

Currently, only 23% of Indian women work, as compared with 35% in Brazil. The United Nations Development Programme estimates that if India could raise women's participation in the workforce to 70%, its GDP rate could rise by 4.2% annually.

The social and cultural factors that deny women equal opportunities are well known. The World Economic Forum's Global Gender Gap 2012 report ranks India 105th out of 135 countries for its treatment of women. Only half of rural women are literate. Undernourished and anaemic women give birth to underweight, premature babies who often die. Infant mortality and child malnutrition are tragedies for the child and its parents, but the ripples from this personal tragedy extend far beyond. "The mother's social status in her village dips if her baby dies, but rises if it thrives and she gains in confidence," said Jane Marie Chen, Co-Founder and Chief Executive Officer, Embrace, USA. Furthermore, malnourished children hamper the development of a healthy workforce.



Healthcare as a Bridge to Peace

Given their common gene pool and common diseases, it makes sense for India and Pakistan to collaborate on health instead of replicating their work, whether in research or innovative programmes. While political efforts have failed to improve ties, working together on health could prove to be a bridge to peace. Collaboration between the two countries on medical research would be a more efficient use of funding, and each could learn from the other's healthcare best practices. If the two manage to develop the low-cost, high-impact treatments that their poor citizens need, the same innovations could be transferred to the poor in the rest of Asia and Africa. In doing so, India and Pakistan may end up being leaders for the rest of the 5 billion for whom medicine is currently very expensive. Read the summary from the session here: www.weforum.org/india2012/summaries

Healthcare for women – through pregnancy, childbirth and child-raising – needs to be improved if they are to have a chance to live and work. When healthy children grow up, they need education, either of the formal kind or vocational training. Investment in health and education is a must if India's young population is to realize its potential. At the moment, India spends one-tenth the amount spent by Western nations on health, and one-third of that spent by China.

As its young population ages and the cost of providing healthcare mounts, India will struggle to pay the bills, particularly as it is wedged between the poor on one side, with their malnutrition and diseases born of poor sanitation and bad diets, and on the other the lifestyle diseases of obesity and diabetes afflicting the increasingly prosperous middle class.



“
Saving a baby empowers the mother. If a baby is healthy, the mother is respected in the community.
 ”

Jane Marie Chen Co-Founder and Chief Executive Officer, Embrace, USA; Young Global Leader



“A tsunami is coming to India,” warned Norbert Hültenschmidt, Partner, Director and Head, Global Healthcare Practice, Bain & Company, Switzerland. “By 2020, India will have the second largest diabetic population in the world. More than 60% of deaths in India will come from lifestyle related diseases.” The challenge of meeting these healthcare costs, say experts, will make the impact of the recent economic downturn – grave though it has been – seem like a hiccup.

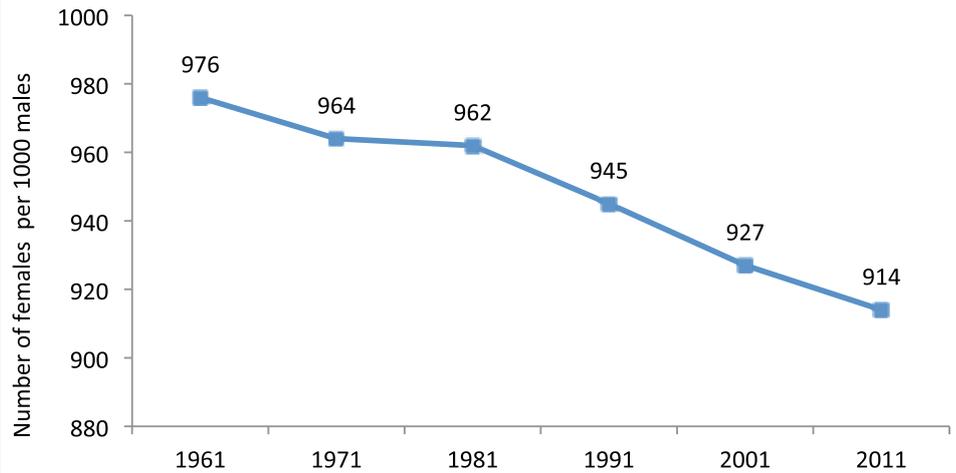
If the factors in Indian society that give women an inferior life are well known, the solutions are also known. They can be seen all over India, in pockets, in small projects and in the initiatives of NGOs, the private sector and even the government. These three powerful forces have all, in their own way, hit upon how to prevent female foeticide, get girls into schools and keep them there, and equip them with the skills they need to contribute to society and their families.

Most of these answers are simple. As Kiran Bedi, Founder and Secretary-General, India Vision Foundation, said: “We need lost-cost, high-impact, flexible solutions.”

If girls drop out of school because there is no toilet, build one. If their parents are reluctant to let them walk the long distance to school for safety reasons, give them a bicycle. If girls have to help their parents with chores in the fields in the morning, open the schools at 11.30 in the morning rather than at 09.00.

Missing Women Child sex-ratio (0-6 years) in India

Source: Press Information Bureau



If infants are born prematurely at home and the nearest incubator is in a hospital a day's journey away, then obtain and use inexpensive new devices such as the “infant warmer”, which keeps the baby's body temperature stable. If babies stand a better chance of survival when they are born in a hospital, then pay women a cash incentive if they deliver in a hospital, or provide free ambulances.

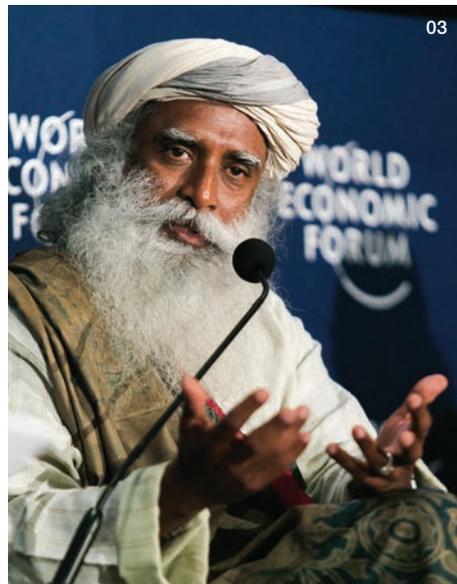
In Tamil Nadu, south India, such policies have ensured that 99.5% of births now take place in healthcare facilities, reducing infant and maternal mortality rates. If the lack of safe public transport puts women off working, then companies should arrange cars to pick them up and drop them off. If rural families have poor diets, then persuade them to devote a little patch of land to growing vegetables.

01: Anuradha Koirala, Founder, Maiti Nepal, Nepal
02: Game Changers in Education



“
The arts are a particularly powerful channel for raising awareness about social issues and changing mindsets.
 ”

Mallika Sarabhai Director, Darpana Academy of Performing Arts, India; Global Agenda Council on the Role of the Arts in Society



The catch with all these brilliant solutions is that they are small and isolated. In a country of India's size and population, scale is vital. Without scale, every wonderful project just grazes the problem. Close partnerships are essential to generate impact. Voluntary groups have the passion but need the corporate sector to help them deliver scale. Ultimately, of course, it is the government that possesses the infrastructure and resources to have widespread impact, but the government needs the expertise of the corporate sector and the commitment of voluntary workers.

The sweeping change in mindsets to make women valued can only happen if there is a massive convergence of the government, industry, civil society, the media and celebrities on the goal of lifting Indian women out of

subservience and powerlessness. This will not be easy; old habits die hard. People feel comfortable working in silos. But solutions will not fly unless everyone is aligned.

The power of culture to fight negative stereotypes of women has perhaps been underestimated and underused, and that needs to change. The soap operas that millions of Indians watch every evening reinforce highly regressive images of women. “The arts are a particularly powerful channel for raising awareness about social issues and changing mindsets,” said dancer and choreographer Mallika Sarabhai, Director, Darpana Academy of Performing Arts, who has devised a new television series to make young men and women think differently about themselves.

01: Gordon Brown, Prime Minister of the United Kingdom (2007-2010) and UN Special Envoy for Global Education, United Kingdom

02: Mehnaz Aziz, Chief Executive Officer, Children's Global Network Pakistan, Pakistan

03: Sadhguru J. Vasudev, Founder, Isha Foundation, India

Progress in some areas is striking. Between 30% and 40% of the workers in the IT industry, for example, are women. Over 10% of Indian companies are run by women, as compared to 3% in the United States. Indian companies are realizing that they need to develop the human capital not only of their workers, but also of the surrounding community through pro bono work or corporate social responsibility activities. And, as the service sector of the Indian economy becomes predominant, more women are likely to be absorbed into the workforce.

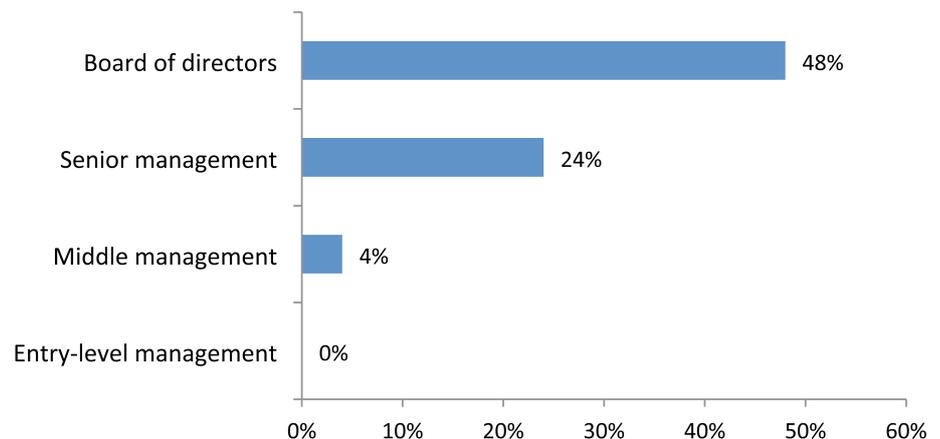
Empowering Indian women will unleash the energies and talents of a section of society long suppressed. If India makes this investment in their health and education, a time will come when Indian couples no longer moan with dismay when a baby girl is born. The baby girl will be welcomed because she is no longer a burden, but an asset.

01: South Asia's Children - Are We Thinking about South Asia's Tomorrow?

Under-representation of Women in Business

Percentage of Indian companies with no female managers

Source: The Corporate Gender Gap Report 2010, World Economic Forum



A Technological Revolution in Education

India currently spends less than 2% of its GDP on education. The country's poor teacher-student ratio must also be addressed. Technology will play a major part in solving India's education problems. Online learning, virtual classrooms and electronic training centres will help to raise the skill level and speed up India's transition from middle-income country to high-income nation. The traditional didactic model of teaching is not appropriate in the 21st century because of widespread access to mobile technology and online information. Education must move from standardized to personalized, and the teachers' role must evolve from "sage on a stage" to "guide by the side". Learning must be fun to improve the uptake of information. E-learning allows high-quality teachers to expand their reach and train large numbers of other teachers across the country from a single base. India will provide the professional skills to the world through 2020, just as it provides technology to the world today.

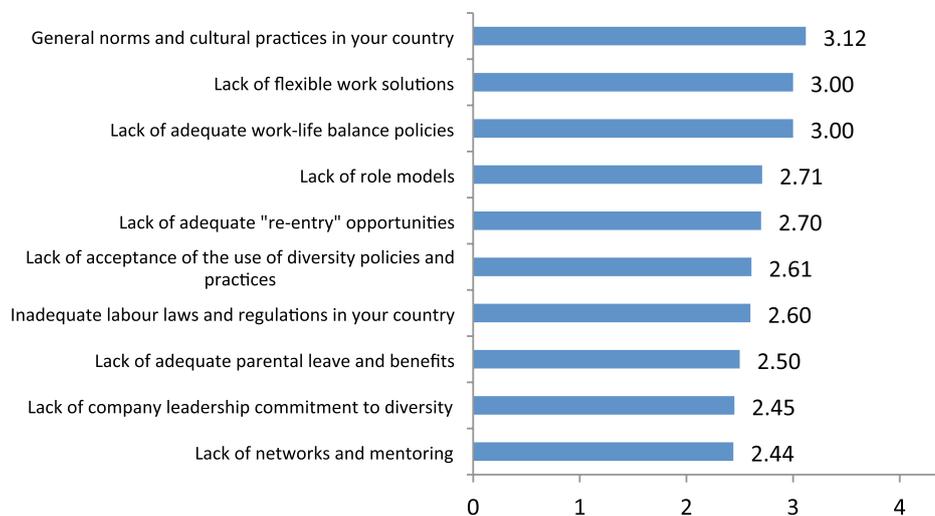


01: Changing Mindsets: India's Missing Women
02: Krishna Tirath, Minister of State (Independent Charge), Ministry of Women and Child Development, India

What Is Keeping Women Out of Senior Leadership Positions?

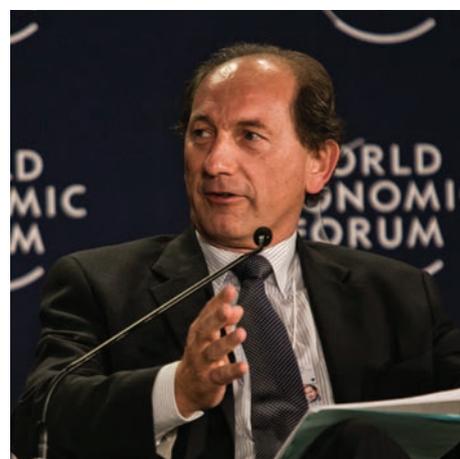
Barriers to women assuming leadership positions, marked on a scale of 1 (least problematic) to 5 (most problematic)

Source: The Corporate Gender Gap Report 2011, World Economic Forum



From Potholed Side Road Back onto the Golden Turnpike

It all seemed to be going so well. India was the poster child of the Asian success story, hitting nearly double-digit GDP growth, courting the world's investors and lifting millions out of poverty while managing the world's largest democracy. "We were coasting on the golden turnpike of growth," said Ajay Chhibber of the United Nations. But, "now we are on a potholed side road, back to 5% or 6%." What went wrong and how to put it right? These were the questions participants grappled with during the three-day World Economic Forum on India.



“

Overregulation is like asphyxiation.

”

Paul Bulcke Chief Executive Officer, Nestlé, Switzerland; Co-Chair of the World Economic Forum on India

The global economic crisis that broke in 2008 might have triggered India's slowdown, but much of the subsequent damage has been self-inflicted. Structural issues such as overregulation, poor infrastructure and a failure by government to provide sufficient basic services were overlooked in the boom times and have now reared their ugly heads. Add to that mix a wave of corruption scams and a weakening political coalition dithering over vital reforms and toying with retrospective taxation, and the result is a flight of investor confidence and dollars to other sunnier shores.

There is no shortage of good ideas and targets for how India could fulfil its future promise: delivering skills training to 500 million people by 2022, boosting manufacturing from 16% GDP to 25%, streamlining regulations and approvals, freeing up labour laws, and spending US\$ 1 trillion on infrastructure. There is even a broad consensus over the vision of inclusive growth, harnessing the immense energy of India's young workforce and entrepreneurial spirit to deliver not only returns for investors, but also real change for the country's rural and urban poor.

The challenge lies in execution – and particularly in the ability of political leaders to create an environment in which India's young people, entrepreneurs and world-class industries can perform freely and efficiently.

Much has been made of India's demographic dividend – the idea that the country's 600 million young people under the age of 25 hold the key to unlocking the door to future prosperity. India's human capital has been called its greatest raw material. But this immense asset could become a liability if the government cannot ensure they are well fed, healthy and educated.

Almost 42% of India's children are malnourished and stunted, according to a report released in January 2012 by Prime Minister Manmohan Singh, while only one in five children has an acceptable level of nutrition. "The problem of malnutrition is a national shame," said Singh in the report. Meanwhile, India's education system has a long way to go to ensure its young people are "job ready". One-quarter of the population is illiterate; only 15% of students reach high school and just 7% of them graduate. A 2011 report by the National Association of Software and Services Companies found that over 75% of India's technical graduates



Transformation through Collaboration

Despite conflicts played out in the Indian media, the country's rambunctious, argumentative democracy remains a positive attribute in the quest to find solutions to its biggest challenges. The process of disagreeing is a precursor to collaboration that improves the country's legislation, strengthens democracy and protects the common good. The Indian government faces difficult challenges, particularly in terms of land acquisition and natural resource distribution. The government is charged with leading by balancing competing interests. To foster a spirit of collaboration, it must work together with business and civil society to understand each other's potential, and not just their shortcomings. Civil society has a strong role to play in plugging the holes that the government has not already, but it must also ensure that it understands and aligns with the national interest. Read the summary of I2I: Indian to Indian – Solutions to Transform India here: www.weforum.org/india2012/summaries

are not ready for jobs. "There is no unemployment in India," said Adi Godrej, Chairman, The Godrej Group, Godrej Industries, "only unemployability."

If the government can channel more targeted, efficient resources into ensuring adequate nutrition, healthcare and school education, the private sector is hungry to train this budding workforce in the skills required for Indian businesses to become productive and competitive on the world stage. The key here is collaboration. A beacon of innovation is the National Skills Development Corporation (NSDC). Less than three years old, the NSDC is a public-private partnership in which the government has provided US\$ 500 million of funding to enable the NSDC to lend to or take equity in skills development companies. The strength of this initiative is that it is industry, not government, which is conducting the training. So far, the NSDC has attracted 62 private partners able to train 74 million people over the next 10 years.



01: Rajat M. Nag, Managing Director-General, Asian Development Bank, Manila



Tackling Poverty

India is not an easy place to do business. The World Bank's annual Ease of Doing Business index ranks India 132nd out of 185 countries – below Sri Lanka, Pakistan, Nepal and Bangladesh. Against two of the index's criteria – dealing with construction permits and enforcing contracts – India ranks 182nd and 184th, respectively. "Overregulation is like asphyxiation," said Paul Bulcke, Chief Executive Officer, Nestlé, Switzerland, and Co-Chair of the World Economic Forum on India. The innumerable clearances and permissions required to get projects going in India not only add to the time and cost of doing business, but they also spread uncertainty, which in turn impacts investor confidence. Business leaders have repeatedly called for "single-window clearance" solutions, but the government has yet to deliver.

On the positive side, the recent reforms in foreign direct investment in the retail, aviation and insurance sectors have signalled a new intent by the government to chart a path out of the policy backwaters in which the administration was languishing. Meanwhile, business has welcomed the government's apparent retreat on two controversial tax laws – the General Anti-Avoidance Rules and a retrospective tax amendment introduced in the March budget.

But uncertainty around the government's policy reforms remains and that is deeply damaging. "The single most important thing that could be done is to reduce the uncertainty," said Vasant Prabhu, Vice-Chairman and Chief Financial Officer, Starwood Hotels & Resorts Worldwide, USA. "If you have uncertainty on cost, on time, on the regulatory framework ... it's a killer."

Looking at labour, Indian industry remains hampered by "the most arcane labour laws anywhere in the world," said Ajay Chhibber, United Nations Assistant Secretary-General; Assistant Administrator and Director, Asia and the Pacific, United Nations Development Programme (UNDP), New York. There are over 50 national laws and many more state-level laws governing labour. While some argue they are vital to protect workers' rights, the view of India Inc. is that they are a serious brake on growth and make it hard for investors to consider India as a manufacturing base. To take one example: the Industrial Disputes Act of 1947 requires companies employing more than 100 workers to seek government approval before they can fire employees or close down.

Perversely, the rigidity of the laws has led to an increase in the "casualization" of labour, resulting in more contract labour becoming the "working poor". While industry is crying out for more labour reform and flexibility, Rahul Bajaj, Chairman, Bajaj Auto, India, sounded a note of scepticism: "No politician has the guts to reform labour."

"India is full of so many innovations – come and help us in rural India with technology and training," said Chhavi Rajawat, Sarpanch of Soda Village Council and Co-Chair of the World Economic Forum on India, in a closing appeal of the meeting.

Bad governance is a root cause of poverty, and can in part be attributed to the motivation of people who go into politics, who may not aim to serve the public, have little practical experience and are unable to develop and nurture good public institutions. While people tend to elect governments that reflect their own weaknesses, the state must be accountable for its excesses and failings.

Public-private partnerships between government and entrepreneurs can be helpful in the process. But this requires several elements working in unison – empowering the bottom of the social pyramid, improving educational institutions, strengthening corporate social responsibility, improving governance processes and having the courage to engage all these components in eradicating poverty and achieving growth on a large scale.

A key success factor in tackling poverty is long-term planning to set and fulfil goals effectively. For example, as most of China's population is rural, its planning focuses on the village as the nexus of growth and grassroots action is emphasized. As a result, people are able to lift themselves out of poverty rather than wait for the government to do it for them.

01: Gita Gopinath, Professor of Economics, Harvard University, USA

02: Adi B. Godrej, Chairman, The Godrej Group, Godrej Industries, India

Technology has transformed India. Twenty years ago, there were no mobile phones – now there are 936 million. These handheld devices can be used not only for talking, but also as mobile banking platforms, which bring India's poor into the organized economy. The government has an ambitious scheme to extend broadband Internet into 250,000 villages, so that the children in Chhavi Rajawat's neighbourhood can access e-learning opportunities.

The many-headed Hydra of corruption, which has recently inflicted such damage on Brand India, is under attack from technology. The digitization of the railways reservation system has cleaned out a huge area of corrupt "rent-seeking" practised for decades by ticket touts. The website www.ipaidabribe.com

is harnessing technology with public outrage to "uncover the market price of corruption". The Right to Information Act of 2005 has opened up the workings of government and has its own web portal. Meanwhile, e-governance initiatives promise to strengthen the hand of reformers through, for example, the use of GIS to digitize land registrations.

It is easy to blame someone else for India's current woes – overregulation is a hangover from the Licence Raj; vital reforms are being blocked by political opponents; the government is failing to deliver on basic services and infrastructure; the media are spreading negative messages; and corruption is the fault of the official taking the bribe, not the person paying it.

01: Sunil Bharti Mittal, Chairman and Group Chief Executive Officer, Bharti Enterprises, India



Unpredictability and Corruption: A Brake on Investment

Unpredictability in the Indian regulatory environment rattles investors, making it hard for businesses to plan, invest and grow in the country. Emerging markets, like India, looking for foreign capital are now competing for investment based on their ability to provide speed and certainty. Political inertia and corruption don't help the perception of the country as a challenging business environment. High-profile events, such as the July blackout or the wave of corruption scandals, also create uncertainty and hurt India's brand. Such events make it hard for interested investors to convince executives that it is worth the effort. Corruption in India is a well-known problem. Corporate governance is an important issue for major global investors and gives them pause when looking to India. The Foreign Corrupt Practices Act (FCPA) will play a larger role in companies' investment decisions overseas. The FCPA could be a catalyst for cleaning up the endemic corruption throughout India's supply chain.

“
Citizen groups must empower themselves and ensure that government lives in glass houses, but [ensure] that such transparency applies to corporations also.
 ”

Vinod Rai Comptroller and Auditor General of India



“
Change will not come from the incumbent power system, but through partnerships – we need to infuse those partnerships with the power of the corporate world.
”

N. V. (Tiger) Tyagarajan President and Chief Executive Officer, Genpact, India

But ultimately, India's future potential can only be realized through a genuinely collaborative effort in which government, the private sector, civil society, the media and academia all play their part. Nor is “government” itself a single entity – it comprises 28 state governments on whom the burden of implementing reforms will largely fall. As Arun Maira, Member, Planning Commission, India, has pointed out, the format of listening has to change, from public grandstanding to multistakeholder dialogue.

There is no more time for one-sided posturing about India's problems – and solutions. “Change,” said N. V. (Tiger) Tyagarajan, President and Chief Executive Officer, Genpact, India, “will not come from the incumbent power system, but through partnerships – we need to infuse those partnerships with the power of the corporate world.”



03

01: Inclusive Governance: Enabling Capability, Disabling Resistance
02: Rebooting India
03: Imran Khan, Chairman, Pakistan Tehreek-e-Insaf, Pakistan
04: Jyotiraditya M. Scindia, Minister of State (IC) for Power of India



04



01

01: India: the Workshop of the World?

02: Spurring the Growth of South Asia's Social Economy

03: Rohini Nilenkani, Chairperson, Arghyam Foundation, India

04: Jasmine Whitbread, Chief Executive Officer, Save the Children International, United Kingdom; Global Agenda Council on New Models of Leadership; Co-Chair of the World Economic Forum on India

05: Kavita N. Ramdas, Representative, Ford Foundation, India

06: Natarajan Chandrasekaran, Chief Executive Officer and Managing Director, Tata Consultancy Services, India



02



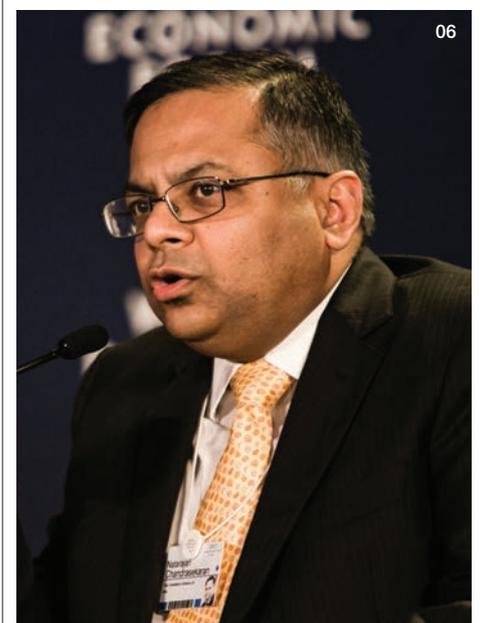
03



04



05



06



01: Montek Singh Ahluwalia, Deputy Chairman, Planning Commission, India
02: Bhupinder Singh Hooda, Chief Minister of Haryana, India
03: Stephen Harper, Prime Minister of Canada
04: Malvinder M. Singh, Executive Chairman, Fortis Healthcare, India
05: Anand Sharma, Minister of Commerce and Industry and Textiles of India
06: Special Address by the Prime Minister of Canada



Acknowledgements

The World Economic Forum wishes to thank the Government of Haryana for its support of the 2012 World Economic Forum on India. The Forum would also like to thank all of the entities that have supported the Government of Haryana on the 2012 World Economic Forum on India.

The World Economic Forum wishes to recognize the support of the following companies as Partners and Supporters of the World Economic Forum on India.

Strategic Partners

Accel Partners
Accenture
Adecco Group
Adobe Systems Incorporated
Apax Partners
AUDI AG
Bill & Melinda Gates Foundation
BP Plc
CA Technologies
Citi
Deloitte
HCL Technologies Ltd
KPMG International
Mahindra Satyam
ManpowerGroup
Mitsubishi Corporation
NYSE Euronext
The Olayan Group
Omnicom Group
Publicis Groupe
PwC
Reliance Industries
Tata Consultancy Services
Thomson Reuters
UBS
Volkswagen AG
Wipro

Regional Partner

Apollo Tyres Ltd

Meeting Supporter

Genpact

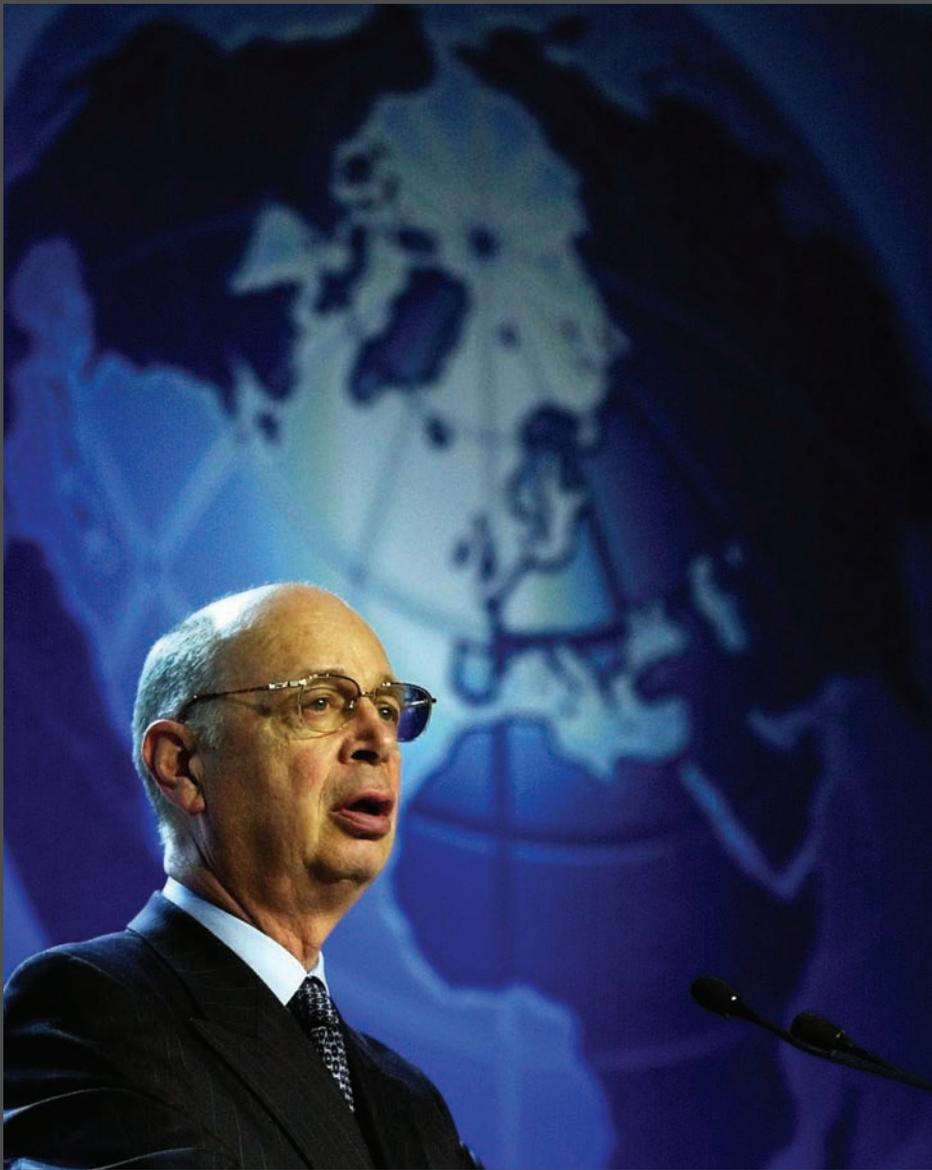
Service Provider

Hanmer MSL Communications Pvt. Ltd

Host Broadcaster

NDTV Profit

The World Economic Forum also thanks Accenture for its help in preparing data and statistics for the 2012 World Economic Forum on India.



India and the World Economic Forum

This opinion editorial appeared in The Indian Express on Monday 5 November 2012

By **Professor Klaus Schwab**, Founder and Executive Chairman, World Economic Forum

The World Economic Forum was created in 1971 as a not-for-profit foundation under the supervision of the Swiss federal government. The basic idea was that global, regional and national challenges cannot be met by governments alone, by business alone or by civil society alone. As I outlined in a book, also published in 1971, collaborative efforts are needed in a multistakeholder community and are the best way to achieve sustained economic development and social progress.

In line with the multistakeholder concept, I considered the world as a big multistakeholder community, not split into a two-tier society of industrialized and developing countries, as it was then seen. Therefore, from the mid-1970s onward, I made great efforts to include Indian participants in our meetings and activities.

In August 1984, I took the initiative to invite Rajiv Gandhi, then General Secretary of the ruling Congress Party, to meet with business leaders at the Forum's headquarters in Geneva. Less than a year later, the Forum convened the first India Economic Summit in New Delhi in cooperation with the Confederation of Indian Industry (CII). Rajiv Gandhi, who had succeeded his mother Indira as Prime Minister of India after her tragic assassination just three months after his trip to Switzerland, welcomed the participants and delivered the opening address. And tomorrow, we will inaugurate our 28th Summit.

The Summit has since become a significant annual event on the Indian calendar and has contributed substantially to the economic and industrial development of India and the promotion of understanding and collaboration between the international and Indian business communities.

Personally convinced of the great potential of the country, I also made sure that India always had a special and privileged platform to carry its message to the world at our Annual Meeting in Davos, which is the world's most well-known annual multistakeholder gathering.

In a quote published in the book "The World Economic Forum, A Partner in Shaping History: The First 40 Years", Prime Minister Manmohan Singh referred to the fact that, if a book were written describing India's globalization and liberalization process, that the Forum would "figure in the most prominent way in this history book".

Over the past decades, the World Economic Forum – which has at its core the world's foremost 1,000 global companies – has evolved into a much more diversified organization, continuously integrating other stakeholder communities. We are therefore proud that, in addition to the traditional strong business membership in India, the Forum integrates exceptional young Indian leaders from all walks of life. They are part of our active community of Young Global Leaders.

The impressive intellectual power of India is also brought into our activities through the strong presence of Indian experts in our Network of Global Agenda Councils, which assembles the best thought leaders on specific global challenges, such as energy security, environmental sustainability, youth unemployment and many more. Also, for more than a decade, the Forum and the affiliated Schwab Foundation for Social Entrepreneurship have promoted and supported social entrepreneurs in many parts of India.

The latest addition to the Forum family is the Community of Global Shapers, comprised of extraordinary young people in their twenties, with “hubs” being created worldwide, including in Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi. Moreover, NGOs, trade unions, women leaders and faith leaders have also become integral parts of the World Economic Forum community.

Thus, the World Economic Forum has become the world's foremost multistakeholder organization, working together with governments and international organizations on presently over 60 projects, to improve the state of the world in areas such as tackling corruption, combatting chronic diseases, improving environmental standards, as well as economic competitiveness and many others.

The multistakeholder orientation of the Forum is reflected in its Foundation Board, with representatives not only from industry, but also from public organizations, academia and civil society. No stakeholder group is allowed to hold more than 50% of the seats on the Board.

In line with our approach implemented worldwide, the Forum has had to adapt its Indian presence to emphasize its independent, neutral and particularly non-advocacy role. This means that we had to transform our formal

cooperation with the Confederation of Indian Industries into a more informal relationship, yet maintaining the cordial ties developed over so many years. Over time, this more independent approach will lead to the creation of a physical presence of the World Economic Forum in India to directly take care of our Members and constituents. This would follow the pattern which we have established in other key areas in the world, with offices already in the United States, China and Japan.

The World Economic Forum has stood by India in times when many foreign leaders considered the country as too inward-looking and mired in domestic challenges. I remember how much energy I had to spend in the 1980s and 1990s to convince foreign leaders to join our summits in India.

My conviction of the potential of India was confirmed when I saw India's real GDP growth move from 5.6% in the 1980s, to 5.7% in the 1990s and to 8% in the first decade of the 21st century. India became a darling of the international investor community – India was “everywhere”. The country became associated with a great, positive brand which underscored its increasing political, economic and business soft power in the world.

Today, there are worrying signs partially related to the deterioration in the global economy that we have experienced since 2007: the macroeconomic environment is deteriorating with slowing growth and a worrying fiscal and foreign exchange situation. India urgently needs foreign investment, but the foreign investor community is concerned by continuing problems in infrastructure, notably energy and power. But even more worrisome is the current atmosphere of political discourse and action. The shadow of large-scale corruption also considerably darkens the standing of India.

The question about the attractiveness of India is also underscored by India's position in the World Bank's Doing Business Report 2013, ranking 132nd, and its ranking in the Forum's Global Competitiveness Report 2012-2013, where it currently stands at 59th place, compared with the other BRICS countries: China 29th, Brazil 48th and South Africa 52nd. More worrisome is that India has not improved its ranking over the past three years.

In addition, a discussion among economists is now taking place whether India is caught in a middle-income trap,

signifying that economic recovery is not automatically guaranteed as a cyclical process, but rather will require decisive and coordinated economic and political leadership to put the country on a different and more inclusive path for the next phase of its development.

India has had a tremendous influence in shaping the world of today, and I personally still believe in a promising future for India, and have many reasons to do so: the quality of its entrepreneurs, the energetic leadership in an increasing number of its states and the significant multiplier effect of the reform and innovation policies should they be enacted. Having been an observer, partner and friend for nearly 30 years, my biggest concern is that India reverts to inward-looking tendencies, where its enormous human energies are absorbed by infighting and by attitudes where personal and sectoral interests trump true responsible and responsive citizenship.

01: Sheila Dikshit, Chief Minister of the National Capital Territory of Delhi, India; and Anshu Gupta, Founder and Director, Goonj, India; 2012 Social Entrepreneur of the Year for India



02: Stephen Harper, Prime Minister of Canada; and Prakash P. Hinduja, Chairman, Europe, Hinduja Group of Companies, Switzerland



03: Sheila Sri Prakash, Chief Architect and Founder, Shilpa Architects Planners Designers, India; Global Agenda Council on the Role of the Arts in Society

04: Closing Plenary, From Deliberation to Transformation





01



01: Participants listening to Gordon Brown, Prime Minister of the United Kingdom (2007-2010) and UN Special Envoy for Global Education, United Kingdom



03



02

02: An Insight, an Idea with Mallika Sarabhai
03: Young Global Leaders
04: Farewell Reception
05: Growth beyond Numbers: How Can India Shining Be a Story for All?
06: Neelam Chhiber, Managing Director, Indusree/Mother Earth, India; Social Entrepreneur; Global Agenda Council on India



04



05



06



Godavari/Arena Room
Internet and Insight
Kaveri/Solution Room
Media Area
Partners Lounge
Restrooms
Social Media Corner
TV Studio
Yamuna/Workstudio

Further Information



The event page of the World Economic Forum on India provides access to a richer level of content from the meeting, including videos, photographs, session summaries and webcasts of selected sessions.

www.weforum.org/india2012



This report is also available to download in PDF or HTML format:

www.weforum.org/india2012/report/pdf

www.weforum.org/india2012/report/html

This report is also available to download in PDF or HTML format:

www.weforum.org/india2012/report/pdf

www.weforum.org/india2012/report/html

More information on the World Economic Forum on India in the National Capital Region, Gurgaon, India, on 6-8 November 2012 can be found using the following links:

Highlights of the meeting can be viewed here:

www.weforum.org/india2012/highlights



Programme

www.weforum.org/india2012/programme



Session Summaries

www.weforum.org/india2012/summaries



Webcasts

www.weforum.org/india2012/webcasts



Photographs

www.weforum.org/india2012/photos



Blog

www.forumblog.org

Contributors

Sushant Palakurthi Rao, Senior Director, Head of Asia, World Economic Forum
Viraj Mehta, Director, Head of India and South Asia, World Economic Forum USA

The report was written by Amrit Dhillon, Madhur Singh and Jonathan Walter. The Forum would also like to thank the summary writers for their work at the World Economic Forum on India: Elliot Hannon, Malvika Kaul, Dorit Sallis and Joanna Sugden.

Editing and Production

David Bustamante, Senior Graphic Designer

Helena Halldén, Senior Editor

Janet Hill, Senior Editing Manager

Kamal Kimaoui, Director, Production and Design

Photographers

Jakob Polacsek

Benedikt Von Loebell



Upcoming Meetings

Summit on the Global Agenda 2012

Dubai, United Arab Emirates 12-14 November

The Summit on the Global Agenda is the world's largest brainstorming meeting, aimed at shaping the global agenda by bringing together the most relevant thought leaders of the Forum's Network of Global Agenda Councils. The Councils comprise experts from academia, business, civil society and government and address over 80 pressing issues facing the world today. At the Summit, over 800 Members of the Network will engage in interactive workshops and sessions to provide comprehensive insight into the global, industry and regional agendas. Recognizing the great transformations businesses, economies and societies are currently facing, participants will focus on how to transform new models into collaborative, sustained processes, which drive solutions for a greener and socially more inclusive world.

For more information, please e-mail: gacsummit@weforum.org

World Economic Forum Annual Meeting 2013

Davos-Klosters, Switzerland 23-27 January

Resilient Dynamism

We live in the most complex, interdependent and interconnected era in human history – a reality known as the hyperconnected world. This reality presents a new leadership context, shaped by adaptive challenges as well as transformational opportunities. Dynamism in this context requires successful organizations to demonstrate strategic agility and possess risk resilience. Yet, efforts to rebuild confidence and restore growth remain vulnerable to looming political and economic shocks. As such, Resilient Dynamism is the focus of the World Economic Forum Annual Meeting 2013.

For more information, please e-mail: AnnualMeeting@weforum.org



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

The World Economic Forum is an independent international organization committed to improving the state of the world by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas.

Incorporated as a not-for-profit foundation in 1971 and headquartered in Geneva, Switzerland, the Forum is tied to no political, partisan or national interests.

World Economic Forum
91–93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744

contact@weforum.org
www.weforum.org