Regional Agenda

India Economic Summit
Redefining Public-Private Cooperation for a New Beginning

New Delhi, India 4-6 November 2014
After three decades of engagement in India, the Forum and its long-time partner, the Confederation of Indian Industry (CII), reconvened the India Economic Summit to provide an opportunity for the global community to meet the new government and, together, define the country’s next phase of transformation.

The 2014 elections were one of the most critical in India’s 67-year history, as the country reflects on the imperative to take action on social and economic reforms. Facing a changed global reality, the new government must implement these much-needed changes while fulfilling the aspirations of its over 400 million young people and turning up the fire on sustainable economic growth for the benefit of all levels of society. As India assumes its position as Asia’s third-largest economy despite these challenges, deeper public-private cooperation is urgently needed to fulfill the nation’s potential.

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The programme for the India Economic Summit this year was greatly inspired by the new government’s vision for India’s development domestically, while positioning India on the global and regional stage. The programme explored key issues of national and regional importance under three sub-themes: Boosting Global Competitiveness; Launching a Domestic Systems Reset; and Scaling Local and Social Innovation. Participants examined how India’s competitiveness can be enhanced through regulatory reform; discussed new models of public-private partnership; and examined ways to attract private capital – both from within the country and from India’s diaspora – for much-needed infrastructure projects.

The Co-Chairs of the summit reflect a diverse group of leaders from different sectors and regions who gathered in New Delhi to facilitate open and solution-oriented multistakeholder dialogue. The frank discussions that took place at the summit made clear that stakeholders are prepared to take bold decisions and work together to solve some of the most persistent social and economic challenges, while sustaining a positive growth trajectory.

Through innovative session formats, participants examined how sustainable and equitable growth can be achieved; and debated the efficacy of new strategies to tackle corruption, address gender-based violence, finance infrastructure – especially related to sanitation and hygiene – and confront other looming issues. The programme also focused on how to scale local and social innovation to achieve inclusive growth, and participants were challenged to identify concrete steps to break barriers across social norms and values.

The World Economic Forum is grateful to its Members and communities for their commitment to and participation in the India Economic Summit. On behalf of the Forum and our long-time partner, the Confederation of Indian Industry, we look forward to welcoming you to next year’s gathering.

Viraj Mehta
Director, Head of India and South Asia
World Economic Forum

Preface
Honouring social enterprise in India

Hanumappa Sudarshan was named India Social Entrepreneur of the Year 2014 for contributing to rural and tribal health in India. The award was conferred in the presence of Arun Jaitley, Minister of Finance, Corporate Affairs and Defence of India.

Sudarshan is a social worker, tribal activist and founder of Karuna Trust, an organization that transforms underperforming primary healthcare centres into hubs of medical professionalism. Working through a public-private partnership model, it has served more than 1 million patients and reports health outcomes that are among the best in the country.

More than 180 applicants were considered for the 10th annual India Social Entrepreneur of the Year award. The two other finalists were Yogendra Bhushan from Bodh Shiksha Samiti and Matthew Spacie from Magic Bus. Commenting on the finalists, Hilde Schwab of the Schwab Foundation for Social Entrepreneurship, said: “All three entrepreneurs are on the finalists, Hilde Schwab of the Schwab Foundation for Social Entrepreneurship, said: “All three entrepreneurs are.

To nominate a social entrepreneur or apply for the 2015 award, visit www.schwabfound.org.

Read the news release: http://www.weforum.org/ies03

India could lose trillions to non-communicable disease

A new report released in New Delhi by the World Economic Forum and the Harvard School of Public Health finds that India stands to lose $4.58 trillion due to non-communicable diseases (NCDs) and mental disorders between 2012 and 2030, an amount more than double India’s annual GDP. The Economics of Non-Communicable Diseases Report provides an account of the forces driving this economic burden, and assesses interventions that could reverse this trend with a return on investment of at least 15%.

The impetus for the report stems from 2014 data from the World Health Organization showing that around 60% of all deaths in India are due to NCDs, of which the most prevalent are cardiovascular disease, chronic respiratory disease, cancer and diabetes. The report seeks to dispel the myth that NCDs only affect high-income economies; it sheds light on the serious cost implications for middle-income countries if communicable disease prevention remains their only focus.

Download the report: http://www.weforum.org/reports/economics-non-communicable-diseases-india

South Asian companies selected as GGC members

Eighteen South Asian companies have been invited to join the Forum’s Global Growth Companies (GGC) community. The honours were announced at the summit, where the companies gathered to participate in the discussions.

Global Growth Companies are dynamic enterprises with the potential to become world leaders. The nominated companies come from a wide range of industries, from retail to renewable energy, and all share three traits: they have all surpassed industry standards in revenue growth, promoted innovative business practices and led the way on corporate citizenship.

There are more than 370 Global Growth Companies worldwide. Together with Social Entrepreneurs, Technology Pioneers, Young Global Leaders, Global Shapers and Young Scientists, they make up the New Champions, a Forum community of pioneers, disruptors and innovators.

http://www.weforum.org/nr_ies02

Top leaders assess inclusive growth and competitiveness

Six months after India’s BJP party came to office, more than 700 leaders from around the world (representing the business, government, civil and academic sectors of 45 countries) gathered in New Delhi to discuss the nation’s future. High on the agenda were manufacturing and job creation, and how to restart the investment cycle, revive demand and convert the first signs of growth into a full recovery.

Arun Jaitley, Minister of Finance, Corporate Affairs and Defence, was joined at the summit by public figures from around India: Niti Jairam Gadkari, Minister of Road Transport, Highways and Shipping; Piyush Goyal, Minister of State for Power, Coal, New and Renewable Energy; Smriti Zubin Irani, Minister of Human Resource Development; Ravi Shankar Prasad, Minister of Communications and Information Technology; Armitab Kant, Secretary, Department of Industrial Policy & Promotion, India; Suresh Prabhakar Prabhu, Chairperson, Council on Energy, Environment and Water (CEEW), India; and N. Chandrababu Naidu, Chief Minister of Andhra Pradesh, India. Together they addressed some of the most pressing issues for the country and its administration, such as infrastructure, energy, telecommunications, skills and education.

International participants included Daniel Kablan Duncan, Prime Minister of Côte d’Ivoire; Paul Kagame, President of Rwanda; Kweisi Mmariassah-Arthur, Vice-President of Ghana; William Darvies, Deputy Secretary-General, Organisation for Economic Co-operation and Development (OECD); and Rajiv Shah, Administrator, US Agency for International Development (USAID).
Booster Global Competitiveness

Getting India back on track

Initial evaluations suggest that India is re-energized, with momentum for reform building and prospects rising for growth to rebound to pre-crisis levels. The challenge: to boost competitiveness while ensuring that as many people as possible benefit.

Prime Minister Narendra Modi and the BJP Party swept into office at the end of May 2014, winning an overwhelming mandate to fulfill his promise to get India moving again. He vowed to implement reforms and address persistent problems such as the infrastructure deficit, bureaucracy and corruption, and the need to drive growth in the manufacturing and agriculture sectors. Expectations among Indians and overseas investors have soared since.

In the latest World Economic Forum Global Competitiveness Report, India dropped to number 71, down from 60th place. This slip heightened the sense that India must regain its zeal for reform as soon as possible. The fall reflects how the economy slowed dramatically after the global economic crisis and, despite a promising rebound in 2009-2010, has been stuck at the 5% level for the past four years. Among the reasons for the sub-par performance: political gridlock over reforms and corruption cases, high inflation, a rising fiscal deficit and bottlenecks impeding infrastructure projects.

After nearly six months in office, the government is naturally under scrutiny – can the prime minister and his government use their enormous political capital to get India back on track and boost its global competitiveness? The early assessments are positive.

The job in India is about plumbing – you have to clean the pipes, which were clogged,” explained Anand Mahindra, Chairman and Managing Director, Mahindra & Mahindra, India, a Co-Chair of the India Economic Summit, in a session on India’s growth outlook. “Things like licences, which were stuck in the pipeline, have been opened up,” he said.

In the closing plenary, Mahindra lauded the government’s can-do business-like approach. “The government came across as having new energy. This is a government that has business in its blood. ‘Paralysis’ is not something you can use to describe it.” Added Chandrayanjit Banerjee, Director-General, Confederation of Indian Industry (CII), India: “The policy-making is moving forward.”

The government has indeed made progress on a number of fronts. It has introduced reforms to improve labour market compliance and deregulate diesel prices. It has launched flagship initiatives to expand the manufacturing sector, enhance sanitation and promote financial inclusion. An overhaul of the state pension system to weed out fraudulent beneficiaries and ensure accurate and efficient payments is underway.

There have been encouraging results. Streamlining of processes and unblocking of regulatory obstacles have led to a pick-up in licence approvals in the construction industry and the defence sector, where more foreign investment is now allowed. Measures have made it easier to start and operate a manufacturing business. In October, the government announced an ordnance for the e-auction of coal blocks to private companies, a step forward in energy-sector reform. And in two months since the launch of the financial inclusion initiative, 70 million new bank accounts have been opened.

Yet it is significant that there has been no revival in investment. The government has so far done things that it had to do, reckoned Gita Gopinath, Professor of Economics, Harvard University, USA, in the session on growth. “If we see two or three quarters of steady growth, we can then step back and say the reforms are working.”

Pressure will build for the government to implement major restructuring that will be needed for India to remove persistent constraints on growth, Gopinath warned. With low energy prices, the currency stable, core inflation down and interest rates set to fall, there may be room for bolder moves, Mahindra suggested. “It is now time to be a little more courageous and to press our foot on the accelerator,” he said. Mahindra made a special plea for easing limits on entrepreneurs and small and medium-sized enterprises, the core drivers of investment. “It’s less the [large] P&Gs and more the Patels whom we have to focus on,” he advised.

The message from the government, however, was not to expect a “big-bang” reform initiative. “We are quite satisfied with the beginning made, but there is a long journey ahead,” Arun Jaitley, Minister of Finance, Corporate Affairs and Defence of India, told participants in the opening plenary.

He and other ministers set out the reform agenda, which includes moving forward on a land acquisition law, revamping labour laws, recasting the tax regime, addressing the factors impeding infrastructure projects from going ahead, improving education and skills development, bolstering productivity in the agriculture sector, and finding ways to make it easier for investors and companies to do business across states.

Tackling these issues, many of which are linked, is a complex challenge of planning, sequencing and constant review and adjustment. “This government’s policy is continuously to make changes in all areas,” said Ajay S. Shriram, President, Confederation of Indian Industry (CII); Chairman and Senior Managing Director, DCM Shriram, India. “It will take time. We are seeing results and the right direction.”

Perhaps the biggest challenge will be for India to ensure that boosting competitiveness and growth also results in benefits for all people. The Modi government’s agenda has raised concerns among civil society.

“We are very uncomfortable,” Aruna Roy, Founder, MKSS-Organization for the Empowerment of Workers and Peasants, India, said in a debate on whether the Modi government would make India fair, free and prosperous. “There is more rhetoric but very little action and, in some cases, they are going backwards. We don’t know what the government is doing. It is an opaque government.”

Piyush Goyal, Minister of State for Power, Coal, New and Renewable Energy of India, countered that there is no contradiction between being pro-business and pro-poor. When business succeeds, we also improve the lives of the people,” he declared. Prime Minister Modi “will ensure that there is development for all.”

For now, the global business community is giving the government the benefit of the doubt but is waiting to see if, now that post-election hype has subsided, India is genuinely and firmly back on the track to competitiveness and inclusion. Concluded James Hogan, President and Chief Executive Officer, Etihad Airways, United Arab Emirates; Co-Chair of the India Economic Summit: “I still remain convinced that there is a very clear roadmap moving forward.”

Anand Mahindra,
Chairman and Managing Director of Mahindra & Mahindra, India; Co-Chair of the India Economic Summit

Klaus Schwab,
Founder and Executive Chairman, World Economic Forum

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Redefining Public-Private Cooperation for a New Beginning

The path to better infrastructure

The new government in India has made a commitment to build 30 kilometres of roads and highways a day within two years, raising the rate from the current three kilometres per day. Leaders are also working to solve problems associated with land acquisition, improve transport policies and reduce the cost of capital to make investment in infrastructure viable. Since coming to power, the new government has cleared 17 projects for building more than 2,000 kilometres of roads and given a golden handshake to concessionaires involved in some 4,000 kilometres of projects.

However, the path to better infrastructure remains blocked, with deforestation and the environment both causes for concern. Also, the sector is administratively divided, with different ministries in charge of shipping, roads, airports and railways. The government is responding to this by developing a multi-modal policy that will see waterways, seaports, roads, railways and airports all developed together.

Currently, the model concession agreement is weighted against the concessionaire and discourages banks from lending. The government has mandated a committee to recommend a new agreement, more aligned with international norms. But the numerous scams (and allegations of scams) that plagued the previous government have created an environment of suspicion, making bureaucrats afraid to take decisions. As a result, sectors such as infrastructure – in which the government and private sector need to work together – have been paralysed.

Internationally, confidence in India is high; what the country needs now is predictability in policy, process and growth.

“I leave convinced that there is a very clear roadmap moving forward.”

James Hogan,
President and Chief Executive Officer, Etihad Airways, United Arab Emirates; Co-Chair of the India Economic Summit

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Ajay S. Shriram,
President of the Confederation of Indian Industry (CII) and Chairman and Senior Managing Director, DCM Shriram, India
India goes all out for energy

India’s power Minister Piyush Goyal is aiming to double coal production in the next five years to meet the nation’s growing energy demands. The amount produced is set to hit 2 trillion units by 2019. Referring to coal as “an essential input for power”, the minister called for an increasing private-sector role in coal production and expressed interest in new gas discoveries.

He also predicted a “huge investment opportunity” of nearly $250 billion in the energy sector over the next four to five years, including $100 billion in renewables and $50 billion in transmission and distribution.

By 2022, India will generate 100 gigawatts of solar power, a fivefold increase on the previous government’s target. However, Goyal sounded a cautious note on nuclear power, warning that he had yet to determine its life-cycle costs and didn’t want India be saddled with nuclear technology discarded by the West.

Speaking on the same panel, Dong-Kwan Kim of Hanwha Group, Republic of Korea, flagged the advantages of solar power. He said that, if the government could provide a stable regulatory environment, investors were “ready to flock to India”. He also suggested that intensifying air pollution would soon drive citizens “to pressure the government” into adopting solar.

“Modi has taken many initiatives and that will improve the sentiments for investors like us who can restart looking at India.”

Yorihiko Kojima,
Chairman of the Board, Mitsubishi Corporation, Japan; Co-Chair of the India Economic Summit
India Economic Summit
Redefining Public-Private Cooperation for a New Beginning

01: Etienne Benet, Head of Nestlé South Asia Region, Nestlé India, India
02: Klaus Schwab, Founder and Executive Chairman, World Economic Forum
03: Piyush Goyal, Minister of State for Power, Coal, New and Renewable Energy of India
04: Meenakshi Lekhi, Member of Parliament, India
05: Adi B. Godrej, Chairman, The Godrej Group, Godrej Industries, India
06: Daniel Kablan Duncan, Prime Minister of Côte d'Ivoire
07: Chandrajit Banerjee, Director-General, Confederation of Indian Industry (CII), India
08: Gita Gopinath, Professor of Economics, Harvard University, USA; Young Global Leader, Global Agenda Council on India
09: Sunil Bharti Mittal, Founder and Chairman, Bharti Enterprises, India
10: John Chalmers, Bureau Chief, South Asia, Thomson Reuters, India; Kwesi Amissah-Arthur, Vice-President of Ghana; Chetna Vijay Sinha, Founder, Mann Deshi Foundation, India; Social Entrepreneur; Ajith Nivard Cabraal, Governor of the Central Bank of Sri Lanka; Stuart Milne, Chief Executive Officer, HSBC, India
11: Chandrajit Banerjee, Director-General, Confederation of Indian Industry (CII), India
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Converting high expectations into inclusive growth

The first months of the new government have seen expectations soar from the gutter to the stars. Industry leaders and commentators have queued up to laud the dynamic new leadership style and business-friendly attitude. The challenge now is to deliver concrete change. As the bandwagon of promised reforms revs its engine, can the government persuade the people to jump aboard?

Energy levels are running high. The sense of purpose is tangible. Optimism is contagious. At a debate televised by the BBC during the India Economic Summit, Piyush Goyal, Minister of State for Power, Coal, New and Renewable Energy, claimed: “Investor confidence is at an all-time high.”

Sunil Bharti Mittal, Founder and Chairman of Bharti Enterprises, added: “I have never seen a more hardworking and transparent government … in five to seven years, we will be a new society.” The government has set itself the target of climbing 50 places in the World Bank’s rankings every year. Currently manufacturing accounts for just 15% of India’s GDP. Launched by the government in September 2014, Make in India is an international marketing initiative to attract global investment in Indian manufacturing, with the aim of boosting the sector by 10% every year. Currently manufacturing accounts for just 15% of India’s GDP.

But hiding in the shadows of this ambitious goal is a crisis of skills and an educational system focused on theory not practice. Although 4 million young people join the workforce every month, two-thirds of India’s corporate bosses express frustration at not finding people with the right skills. Of India’s 1.3 million trained engineers, the majority are unemployed or unemployable. “We are extremely concerned about the quality of teachers in the scientific community, in the technical community,” admitted Smriti Zubin Irani, Minister of Human Resource Development.

Minister Irani has recently announced a slew of measures to tackle the problem. The government will shortly establish new academies for science and technical educators and provide digital solutions to reward teachers for on-the-job training. From 11 November 2014, the government will roll out a credit transfer system to enable students, who may have entered the workforce to earn a living, to get back into the education system whenever they wish.

However, the government cannot do it alone. The Industrial Training Institutes currently run by the state need to be overhauled by the private sector. HT Media has taken a lead by starting the Bridge School of Management, which uses a hybrid model of online and face-to-face learning to prepare professionals better for employment. “Most institutes of higher education are not industry focused,” said Shobhana Bhartia, Chairperson and Editorial Director, HT Media, India, a Co-Chair of the India Economic Summit, leading to a “skills mismatch”.

Capacity building for bureaucrats and leaders at every level of government could transform urban and rural India. Member of Parliament Kamal Nath lamented the lack of town planning expertise among municipal officials, saying: “One of our biggest failures is capacity building in government.” Nath called on the private sector to engage with the government on training in skills training at the block and municipal levels.

India under the Modi government remains divided, warned Aruna Roy, Founder of the MKSS-Organization for the Empowerment of Workers and Peasants. “There is the other India that is unhappy and distressed by a whole spate of promises that have not been fulfilled,” she claimed.

As the government steers a course towards a business-friendly environment for manufacturers and foreign investors, participants heard other voices crying for attention. Chhavi Rajawat, Sarpanch, Elected Head, Village Council of Soda, India, said that agriculture needs much more attention. Farming families earn little from the land and fail to get a fair price for their produce, often selling low to middlemen due to lack of storage facilities.

Rajawat urged education professionals to include horticulture and agriculture studies in schools. According to the World Bank, 72% of India’s population live in rural areas and most of them still rely on rain-fed agriculture for their livelihoods.

Meanwhile, India accounts for 22% of global under-five mortality, amounting to approximately 1.5 million young lives lost each year. According to Kajol Devgan, Film Actress, Culture Company India, an ambassador for the “Help A Child Reach 5” initiative, simple behavioural change, such as washing hands with soap after going to the toilet, coupled with improved water and sanitation infrastructure, would make an enormous difference.

Apart from the sheer loss of life, research from the London School of Hygiene and Tropical Medicine suggests that diarrhoea and respiratory disorders alone cost India $30 billion a year, or 1.5% of GDP.

Changing mindsets on gender equality is a high priority. India slid to 114 out of 142 countries surveyed for the Forum’s Global Gender Gap Report 2014.

“We have a huge opportunity – the question is whether people want to move forward, and what can we do to bridge the divide, to create one India.”

Chhavi Rajawat.
Sarpanch, Elected Head, Village Council of Soda, India; Young Global Leader

“We are extremely concerned about the quality of teachers in the scientific community, in the technical community.”

Smriti Zubin Irani.
Minister of Human Resource Development of India

While Meenakshi Lekhi, National spokesperson for the Bharatiya Janata Party, defends the principle of reservations for women in politics, corporate India takes a different view. “There is a desire among corporates to bring in more diversity,” said Arun Das Mahapatra, Managing Partner of Heidrick & Struggles, India, “but corporates are not talking about quotas.”

Instead, said Mahapatra, companies are looking at helping women go back to work by offering workplace childcare, flex-time working hours, home-to-office transport and other support systems. According to Adil B. Godrej, Chairman, The Godrej Group, Godrej Industries, India, “if we can involve women fully in the economy, it will add a percentage point to our GDP growth.”

Film Director Shekhar Kapur of Shekhar Kapur Entertainment, India, digressing for root causes of gender inequality, said that the idea that, in India, “a woman is seen as a man’s property” needs to be “expunged”. He called on Bollywood, advertisers and everyone in the media space to challenge these outdated stereotypes.

Taking a longer view, Documentary Filmmaker Sharmeen Obaid Chinoy of SOC Films, Pakistan, a Co-Chair of the India Economic Summit, said she is encouraged by the women across the region that are rising up as part of a “silent revolution”, taking up roles that their mothers never did. But, she cautioned, “We’re still made to believe a woman’s place is at home – that has to change.”

Gender Gap Report 2014.
A game-changer for employment?

India’s education system came under the spotlight at the India Economic Summit, as panellists discussed ways to make the country’s young people more employable. Smriti Zubin Irani, Minister of Human Resource Development, announced a plan by the government to establish new academies for science and technical educators, and provide digital training for teachers.

She also announced an initiative to help students re-enter the education system after having dropped out to earn a living. On India’s National Education Day, 11 November, the government launched a “credit equivalence” framework from class nine up to postgraduate level (this will extend further, to PhDs, after January 2015).

Irani said a slew of new initiatives are being planned for next year, such as the Shala Darpan project, which will allow parents to track their children’s school attendance, timetables and assignments via their smartphone. In India, institutes of higher education tend not to be industry focused, and devote more time to theoretical learning than practical exercises. The new Bridge School of Management was launched to link education more closely to industry needs, through a hybrid model of online learning and face-to-face teaching.

More generally, young people need better career mentoring from adolescence onwards, and limitations on their prospects imposed by gender or societal status need to be challenged and eliminated.

Can public and private sectors join hands for a cleaner India?

While Narendra Modi’s Clean India campaign has made a splash in India and abroad, the challenge of changing outdated social attitudes will be more difficult. There is a real need to raise awareness of hygiene, especially in rural areas, where many people are reluctant to build a toilet close to their homes.

All the data confirm that bad hygiene is damaging to India’s social development. Survival rates among children under five are dismal, with 30% of child mortality resulting from diarrhoea and pneumonia, diseases that can be prevented with little effort or expense.

India might do well to follow the example of Sri Lanka, where life expectancy and other social indices are as healthy as those of developed nations. The secret appears to be generous spending on child health, rural conscious-raising and women’s education.

It will be two or three years before we know if Clean India has succeeded. But what we do know is that a clean India will be a more productive India, with fewer working days lost to bad health, and the money saved on treatment will be reflected in the national economy.
India Economic Summit Redefining Public-Private Cooperation for a New Beginning

01: Shobhana Bhartia, Chairperson and Editorial Director, HT Media, India; Co-Chair of the India Economic Summit
02: Bhaskar Pramanik, Chairman, Microsoft Corporation, India
03: Creative Disruption
04: Delivering Digital India
05: New Pathways to Sustainability
06: Alok Kshirsagar, Director, McKinsey & Company, India; Young Global Leader
07: Disrupting India

November 2014

New Delhi, 4-6 November
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01: Sanjiv Mehta, Chief Executive Officer and Managing Director, Hindustan Unilever, and Executive Vice-President, Unilever South Asia, Unilever, India; Kajol Devgn, Film Actress, Culture Company India, India

02: Sarath Amunugama, Senior Minister for International Monetary Cooperation of Sri Lanka

03: Gulika Reddy, Advocate, Madras High Court, India; Global Shaper

04: Bhavna Jani, Executive Director, SCA Group of Companies, India

05: Yorihiko Kojima, Chairman of the Board, Mitsubishi Corporation, Japan

06: Gary Coleman, Managing Director, Global Industries, Deloitte, USA

07: Suresh Prabhakar Prabhu, Chairperson, Council on Energy, Environment and Water (CEEW), India; Global Agenda Council on Climate Change

08: Jairam Gadkari, Minister of Road Transport, Highways and Shipping of India

09: Avni Das Mahapatra, Managing Partner, Heidrick & Struggles, India

10: Pooja Warier, Co-Founder and Chief Executive Officer, UnLtd India, India; Young Global Leader

11: Birinderjit Lall, Managing Director and Chief Executive Officer, Eicher Motors, India; Young Global Leader

12: Ravi Shankar Prasad, Minister of Communications and Information Technology of India

13: Viraj Mehta, Director, Head of India and South Asia, World Economic Forum

14: Trust Capital: A Currency for Success

India Economic Summit
New Delhi, 4-6 November 2014
Improving lives through real change

India’s “frugal innovation” is world famous, and examples abound of innovative, disruptive ideas and businesses with the potential to transform lives, particularly for those at the bottom of the pyramid. How should these green shoots be nurtured so they can grow, replicate and connect to enable economy-wide change?

For a country with so many young people, India should be abuzz with disruptive innovation. Why is it not? To begin with, school curricula must be remodelled to be less rigid and conformist, and move from “what” to “why” and “how”. Young Indians must be given a chance at freedom of thought and creativity.

The states of Bihar and Jharkhand are implementing a project to teach girls in maternal and child health. The initiative, initiated personally by Prime Minister Narendra Modi, promotes the building of toilets and better sanitation facilities and practices at each level of the agricultural value chain are being addressed, but the status of women will create ripples and dissent from the grass-roots up. For instance, when women are not forced or coerced into early marriage, it not only improves their employment/career prospects and enlarges the pool of skilled workers, but also leads to improvements in maternal and child health parameters. “Millions of women need to be able to go to work. At the moment it is not safe, they have no support at home. We need to give lots of allied services to enable women to participate in the economy,” said Lisa Heydauff, Chief Executive Officer, Going to School, India, a Young Global Leader.

Many successful technology-allied services and infrastructure must be transformed through the lens of women, and for families to teach their sons to do so.

The new government is taking ambitious steps to promote digital infrastructure, digital services on demand and digital literacy. Recent e-governance initiatives have the potential to completely transform the extent and quality of citizens’ interactions with the government. By enabling greater exercise of citizens’ rights, these initiatives will bring the benefits of economic growth and socio-political transformation to everyone.

The present government has also made some high-profile efforts for social change, essential to transform mindsets to support economic growth. One example is the Swachh Bharat campaign, which promotes the building of toilets and better sanitation; another is the prime minister’s Independence Day speech calling for due respect and safety for women, and for families to teach their sons to do so.

All of this also ties in with scaling innovation and growth: an improved status of women will create ripples of change from the grass-roots up. For instance, when women are not forced or coerced into early marriage, it not only improves their employment/career prospects and enlarges the pool of skilled workers, but also leads to improvements in maternal and child health parameters. “Millions of women need to be able to go to work. At the moment it is not safe, they have no support at home. We need to give lots of allied services to enable women to participate in the economy,” said Lisa Heydauff, Chief Executive Officer, Going to School, India, a Young Global Leader.

To create more employment and achieve a faster rate of growth, India must make over its agriculture and food systems. Agriculture must be transformed through the lens of technology and provision of allied services and infrastructure. Many successful technology-enabled pilots aimed at improving facilities and practices at each level of the agricultural value chain are now being adapted for large-scale use.

“The biggest challenge is how to institute behaviour change at scale.”

For instance, the World Economic Forum’s New Vision for Agriculture initiative, a public-private partnership (PPP) with the Government of Maharashtra, has become a model for partnerships to improve value chains and promote sustainable growth in agriculture. The initiative will add 15 projects covering half a million farmers and 300,000 hectares this year. Much can be achieved through well designed and implemented PPPs, as well as through private efforts – provided a better entrepreneurial environment can be created.

An entrepreneurial ecosystem is imperative for manufacturing growth as well, and the way forward is evident: clear and consistent taxation policies; big-ticket labour law reform; swifter and cheaper land acquisition; skill and talent creation; re-engineering the procedures for starting, running and exiting a business; faster dispute resolution; access to assured power; and a reduced cost of capital. All of these issues are being addressed, but must be scaled.

The present government, as part of its “Make in India” campaign, has taken radical steps to improve the ease of doing business and change mindsets. “The government believes there is no contradiction between being pro-business and pro-poor,” said Piyush Goyal, Minister of State for Power, Coal, New and Renewable Energy, “When business succeeds, we will improve the lives of the people.”

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“The biggest challenge is how to institute behaviour change at scale.”
Government and business join forces to deliver a digital India

India is a country of immense potential but, at present, the potential afforded by digital progress is not evenly distributed. With this in mind, leaders of business, government, civil society and academia gathered at the summit to develop a collaborative plan for inclusive growth.

As much as IT and digital inclusion are a “happening sector” in India, in the words of Minister of Communications Ravi Shankar Prasad, the perks of progress are failing to spread far beyond the preserve of the elite. To address the inequality, the government intends to focus on three priorities: digital infrastructure, digital empowerment for all and digital services on demand.

The main governance challenge is how to institute behaviour change across the board, especially among the rural population, and to tackle what Microsoft’s Bhaskar Pramanik calls the “Stonehenge emotions” of outdated cultural attitudes. But the tone of the debate was ultimately optimistic, especially in light of the wealth of opportunities afforded by digital and technological progress, as well as participants’ shared desire to build on the considerable advances India has already made.

“The government believes there is no contradiction between being pro-business and pro-poor.”

Piyush Goyal,
Minister of State for Power, Coal, New and Renewable Energy of India

“The path that India has taken will ensure that, in five to seven years, we will be a new society.”

Sunil Bharti Mittal,
Founder and Chairman, Bharti Enterprises, India

“India is a huge country and the task is big,” concluded Prasad. To ensure effective reform and positive change, it will take careful, committed collaboration at the central and local government levels, as well as in industry and all other sectors of society.
Manufacturing: India’s rising lion

Prime Minister Modi’s “Make in India” campaign calls for growing manufacturing by 10% every year. At stake is the potential to create 90 million manufacturing jobs over the next decade. The problems are well understood and the solutions clear. India needs consistency and predictability in its tax policies. Also needed are big-ticket labour law reforms; improved quality of skills and talent; and more women in manufacturing jobs. Business processes must be re-engineered to improve the ease of doing business efficiently resolve disputes.

Changing perceptions of the manufacturing sector is a first step. Industry must make it “cool” to get into manufacturing so people view it as a lucrative career option, where it is possible to start on a factory floor and rise to the top. At the same time, manufacturing jobs must pay as well as the services sector. Another important step is to brand-market India as a manufacturing hub and capitalize on high-profile successes such as the recent Mars mission.

World-class training is needed so graduates are capable of making world-class products. Both the government and private sector can create manufacturing clusters where relevant industrial infrastructure is available, which would reduce costs and make logistics globally competitive. Of vital importance is the availability of clean and dependable energy, water, raw materials and information flows.

The government has recently taken radical steps to improve processes and remove obstructive laws and regulations. It is working hard to change mindsets by doing away with paperwork and enabling single-window clearances. Many of these steps will help make it easier to open and operate a manufacturing business and make India part of the global supply chain.
India Economic Summit
Redefining Public-Private Cooperation for a New Beginning

01: Reception
02: Ajay S. Shriram, President, Confederation of Indian Industry (CII); Chairman and Senior Managing Director, DCM Shriram, India; Anand Mahindra, Chairman and Managing Director, Mahindra & Mahindra, India; Co-Chair of the India Economic Summit; Harsh Subramaniam, Executive Producer, Bloomberg Television, India; Gita Gopinath, Professor of Economics, Harvard University, USA; Young Global Leader; Global Agenda Council on India; William Danvers, Deputy Secretary-General, Organisation for Economic Co-operation and Development (OECD), Paris

03: Opening Plenary
04: Anurag Thakur, National President, Bharatiya Janata Yuva Morcha (Youth Wing of BJP), India; Young Global Leader
05: Tejpreet Singh Chopra, President and Chief Executive Officer, Bharat Light and Power, India; Young Global Leader; Global Agenda Council on India

01: Rahul Bajaj, Bajaj Auto Ltd
02: Malini Mehra, Founder, Centre for Social Markets (CSM), United Kingdom; Young Global Leader
03: A G Rao, Group Managing Director, ManpowerGroup Services India, India
04: Philipp Rösler, Managing Director and Member of the Managing Board, World Economic Forum; Young Global Leader; Sherman Obaid Chinoy, Documentary Filmmaker, SOC Films, Pakistan; Co-Chair of the India Economic Summit; Young Global Leader; Anand Mahindra, Chairman and Managing Director, Mahindra & Mahindra, India; Co-Chair of the India Economic Summit; Viraj Mehta, Director, Head of India and South Asia, World Economic Forum; James Hogan, President and Chief Executive Officer, Etihad Airways, United Arab Emirates; Co-Chair of the India Economic Summit; Chandrajit Banerjee, Director-General, Confederation of Indian Industry (CII), India; Global Agenda Council on India
05: Healthy Living in India
Acknowledgements

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- The Rockefeller Foundation

Further Information

The event page of the India Economic Summit provides more information from the meeting, including photographs, press releases, social media and webcasts of selected sessions.

http://wef.ch/ies14

Contributors

Viraj Mehta, Director, Head of India and South Asia, World Economic Forum
Akanksha Khatri, Senior Manager, India and South Asia; Global Leadership Fellow, World Economic Forum

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

http://wef.ch/ies14-report
Upcoming Meetings

Summit on the Global Agenda 2014
Dubai, United Arab Emirates 9-11 November

The Summit will bring together over 1,000 members of the Forum’s Network of Global Agenda Councils to explore the latest developments in business, society and technology; provide a better understanding of the transformations impacting our world; and collaborate in workshops to provide recommendations on some of the most pressing global challenges.

For more information, email: gacsummit@weforum.org

World Economic Forum Annual Meeting 2015
Davos-Klosters, Switzerland 21-24 January

In our fast-paced world, breakthrough technologies, demographic shifts and political transformations have far-reaching societal and economic consequences. More than ever, leaders need to share insights and innovations on how best to navigate the future. The Annual Meeting in Davos-Klosters remains the foremost creative force for engaging the world’s top leaders in collaborative activities focused on shaping the global, regional and industry agendas.

For more information, email: AnnualMeeting@weforum.org

World Economic Forum on East Asia
Nusa Dua, Indonesia 21-23 April 2015

The 24th World Economic Forum on East Asia will be held in Nusa Dua just months after the inauguration of Indonesia’s third democratically elected government under the leadership of President Joko Widodo. In this context, the meeting will be an ideal platform for senior decision-makers from different sectors to explore how enhancing trust can improve regional cooperation and advance critical decisions for accelerating sustainable socio-economic development.

For more information, email: EastAsia@weforum.org

World Economic Forum on Latin America
Riviera Maya, Mexico 6-8 May 2015

In its 10th year, the World Economic Forum on Latin America returns to Mexico to collaborate in Latin America’s transition to long-term economic growth and social development. Mexico, one of the leading economies in Latin America and current holder of the pro-tempore presidency of the Pacific Alliance, has made advances on a variety of critical reforms, which are already opening new opportunities. At the meeting, committed decision-makers will have a platform to set a bold renovation agenda and take the initiative on the new generation of Latin American investments and transformational projects.

For more information, email: LatinAmerica@weforum.org

World Economic Forum on Africa
Cape Town, South Africa 3-5 June 2015

The 25th World Economic Forum on Africa will convene regional and global leaders from business, government and civil society to take stock of progress over the last 25 years, share insights on the present landscape and identify innovative approaches to accelerate inclusive growth while bringing about sustainable development in the future.

For more information, email: Africa@weforum.org
The World Economic Forum is an international institution committed to improving the state of the world through public-private cooperation in the spirit of global citizenship. It engages with business, political, academic and other leaders of society to shape global, regional and industry agendas.

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