

Regional Agenda

National Strategy Day on India

Delivering Growth in the New Context

New Delhi, India 3-4 November 2015



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Preface



Viraj Mehta
Head of India and South Asia
World Economic Forum

After more than 31 years of engagement in India, the Forum and its long-time partner, the Confederation of Indian Industry (CII), convened the National Strategy Day on India to provide a platform to boost economic growth and social inclusion, drive profitable agriculture, foster youth employability, ensure access to sustainable energy, move financial access to universal usage and realize smarter approaches to urbanization. The programme of the National Strategy Day on India highlighted these issues, which can be transformed into opportunities in the next wave of growth.

The meeting, organized under the theme Delivering Growth in the New Context, engaged more than 250 top-level leaders from government, civil society and business to understand ongoing global changes and provide insight on decisions that need to be taken on the critical issues affecting India. The discussions focused on India's domestic development through a global lens.

The Co-Chairs of the National Strategy Day comprise a diverse group of leaders who gathered in New Delhi to facilitate open and solution-oriented multistakeholder dialogue. They engaged in discussions and worked with participants to address some of the most persistent social and economic challenges, with the aim of delivering growth within the new context of both India and the world.

The World Economic Forum's Indian community will redouble its engagement in Forum activities to contribute not only to the success of India's transformation, but also to addressing the global challenges in which the country can be an important actor.

This sentiment was reinforced by Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, who said: "I think that the vision is very clear – and it's felt by everyone here – that there is a new spirit in India."

The World Economic Forum is grateful to its members and communities for their commitment to and participation in the National Strategy Day. On behalf of the Forum and the CII, I look forward to welcoming you to next year's gathering.

National Strategy Day on India

New Delhi, 3-4 November 2015

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SOCIAL ENTREPRENEUR OF THE YEAR INDIA, 2015



Co-Chairs

Agriculture and Food Security



Devendra Gangadharrao Fadnavis,
Chief Minister of Maharashtra, India



Siraj Azmat Chaudhry, Chairman,
Cargill India, India

Long-term Investing, Infrastructure and Urban Development



M. Venkaiah Naidu, Minister of Urban Development, Housing and Urban Poverty Alleviation and Parliamentary Affairs of India



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

Employment, Skills and Human Capital



Subramanian Ramadorai, Chairman,
National Skill Development Agency
(NSDA), India; Global Agenda Council
on India

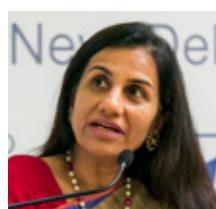
Financial Inclusion



Jayant Sinha, Minister of State for
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Hari S. Bhartia, Founder and Co-Chairman,
Jubilant Bhartia Group,
India



Chanda Kochhar, Managing Director
and Chief Executive Officer, ICICI
Bank, India

Environment and Resource Security

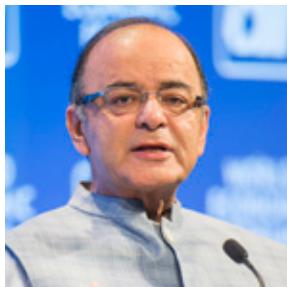


Piyush Goyal, Minister of State
(Independent Charge) for Power, Coal,
New and Renewable Energy of India



Ratul Puri, Chairman, Hindustan
Powerprojects (Hindustan Power),
India

Delivering Growth in a New Context



"We have set a direction and are not allowing any policy change that is of a contrarian direction."

Arun Jaitley,

Minister of Finance, Corporate Affairs and Information and Broadcasting of India, Minister of Finance, Corporate Affairs and Information and Broadcasting of India

India's 16-place jump to the 55th rank in the World Economic Forum's Global Competitiveness ratings for 2015 signals domestic and international business' faith in the new government, and its concurrence with the policy, regulatory and legislative steps the government has taken over the last year and a half.

Nevertheless, India still has much ground to cover, particularly towards ensuring economic inclusion and sustainability of broad-based growth. The National Strategy Day on India focused on the theme of Delivering Growth in the New Context, taking off from the present government's successes and its commitment to reforms, to arrive at concrete suggestions to attain India's goal of fast-paced, inclusive and sustainable growth. Each deep-dive session featured discussions with policy-makers, including national ministers, and/or breakout sessions where participants brainstormed in smaller groups to thrash out practical solutions.

Taking talent to market

In 14 years, India will have the world's largest workforce, with 1 million people joining the already 500 million-strong pool every year until then. Yet, the country ranks 100th on the Forum's Human Capital Index, behind all other BRICS countries and even its South Asian neighbours Bangladesh and Bhutan. Poor quality of education means only 25% of college graduates are considered employable by businesses, to say nothing about those young people who do not make it as far as college or even secondary school.

In addition to getting all children into school, India's challenges include: how to connect all stakeholders; how to fold the requirements of future jobs into the current educational or vocational education systems; how to skill and reskill workers for completely new forms of technology; how to create local jobs, entrepreneurs and an entrepreneurship ecosystem; and how to connect workers and certification programmes with regional, state, national and international markets.



01: India Social Entrepreneur of the Year 2015 Award Ceremony

The way forward:

- The emphasis must shift away from rote learning to critical thinking. For this, training teachers is key.
- Introduce specialized courses in entrepreneurship right from the school level to provide young people with knowledge of finance, social media, marketing, etc.
- Mentorship programmes must be started within organizations and elsewhere to facilitate reskilling and upskilling as well as entrepreneurship.
- The ease of starting (and exiting) a business must be improved by making available resources and technical and mentorship support and reducing red tape, all underpinned by a statutory framework and unwavering policy support.
- Create national registries of jobs and workers to make it possible to match jobs with those best suited to them. These could be supported by widely recognized certification and/or ratings programmes.
- Undertake research to understand and prepare for the new models of work and types of skills that the technology-based economy of tomorrow will require. There is also a need to assess what kind of an economy could absorb 300 million new workers in the next 25 years (which is more than the 150 million jobs in all of the United States), keeping in mind the changes that technology would effect.

- Create a framework to understand interdependencies between industry, education providers and job-seekers and provide solutions on how best to equip workers for the markets of today and the future. The Forum's Global Agenda Council on India's pilot project in Kota, Rajasthan, is expected to serve as proof-of-concept.

Powering clean energy

India's massive goal of adding 175 gigawatts of renewable energy – mostly wind and solar – by 2022 is both ambitious and highly desirable from an energy security and climate-change mitigation point of view. Its successful reverse-bidding model for award of projects has already brought the cost of solar power close to the cost of conventional power, and the pace of capacity creation has been encouraging.

The challenges that remain, however, include bringing down the cost of deploying clean energy, which will require expansion and modernization of the grid, provision of last-mile connectivity and creation of the necessary spinning reserves and storage to support the intermittent nature of renewable energy. Since renewable energy is infirm and intermittent, reserves are required to replace renewable sources at short notice.

Although programmes for off-grid as well as small-scale rooftop energy production have been introduced, adopting more distributed and decentralized models for generation, storage and supply is still a challenge. For instance, the government is exploring alternatives to diesel for powering telecommunications towers – 600,000 towers currently use \$2 billion of diesel every year. Also, more aggressive technological interventions are required to make vast quantities of storage capacity available at lower prices. Another big challenge is finance, as banks are wary of lending due to lack of understanding of the sector and some bad experiences in the past, and because the amount of finance required is enormous.

The way forward:

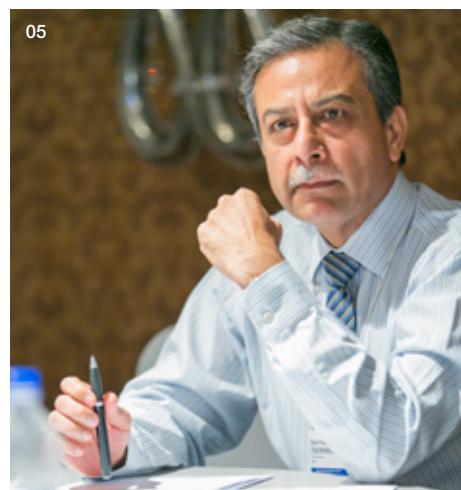
- The renewable energy ministry is working on a sovereign-backed renewable development fund, as well as on enabling external commercial borrowings for the renewable energy sector.
- Although the government will continue to provide some subsidies and/or tax incentives for some years, it aims to end the "subsidy mindset" and limit its role to building transmission networks and green energy corridors.
- The government is considering making funds available from the Member of Parliament's Local Area Development Fund for use as seed capital for renewable energy projects.



"India is a huge market with great opportunities and a government that is keen to focus more on ease of doing business."

M. Venkaiah Naidu,

Minister of Urban Development, Housing and Urban Poverty Alleviation and Parliamentary Affairs of India



01: The Winner of the India Social Entrepreneur of the Year 2015 Award Poonam Bir Kasturi, Founder Daily Dump

02: Powering the Clean Energy Alliance

03: S. Sivakumar, Chief Executive Officer, International Business Division, ITC, India

04: Lisa Heydlauff, Chief Executive Officer, Going to School, India; Young Global Leader

05: Banmali Agrawala, President and Chief Executive Officer, GE South Asia, India

06: Klaus Schwab, Founder and Executive Chairman, World Economic Forum

07: Amesh Chand, Member, NITI Aayog, India

08: Delivering Growth in the New Context



- The government plans to make smart meters compulsory for users of above 200 units of power per month within two years.
- Various incentives, economies of scale and market-based mechanisms are being used to bring prices down for renewable energy production, storage, metering and energy-efficiency solutions.
- The government is signing long-tenure contracts for buying gas (necessary for creating spinning reserves), and arrangements are being made to set up terminals to receive gas deliveries from overseas.
- Even though coal and other conventional power will remain much cheaper, India is determined to not pass on the benefits of falling oil prices to the consumer – which amounts to imposing an indirect carbon tax – in the interest of the environment and the global commons.
- Electric vehicles will be encouraged and new programmes and policy interventions are being considered.
- India's renewable energy programme, its plan to build numerous ultra-mega power plants and the various energy efficiency programmes can double energy production in seven years, which could make enough power available for everyone, including the over 30% without access to electricity.

Financial inclusion

Under the Prime Minister's Jan Dhan Yojana announced in August 2014, a staggering 190 million new banking accounts have been opened. The programme aims to provide at least one bank account to each household, through which they will have access not only to credit, but also to insurance and pension. An accompanying RuPay debit card will provide accident insurance of Rs 100,000. All benefits, subsidies and, eventually, direct benefit transfers will be made through these accounts.

On the technology front, the state-run National Payment Corporation of India is already providing a cheap, interoperable retail payment system for use by the banking system, and is working to create a nationwide payment system encompassing all banks. However, the challenge is to make Jan Dhan perform in reality – many accounts opened under the programme have a zero balance – and move beyond financial inclusion to economic inclusion.

The way forward:

- The government is committed to creating an open architecture for provision of financial services – unlike mPESA, for instance, which is a successful example of financial inclusion but is based on a closed architecture – so that all types of firms can innovate and ideate to promote and maximize financial inclusion and benefit.
- The government is determined to take banking services to those who are still unserved, and make the full range of financial services available to all citizens.

Infrastructure finance

India's \$1 trillion dollar infrastructure deficit is well known, as are the challenges to creating needed infrastructure – corruption, policy flip-flops, inflation, inadequate finance, land acquisition and so on. With the present government having resolved many of these problems, at least to some extent, the key challenge that remains is financing.

While long-term finance is unavailable due to the country's underdeveloped bond market, banks are wary of lending to the sector due to past experience – 25% of banks' non-performing assets are from loans to the infrastructure sector.



“Every country is grappling with this core question of how to create frameworks and incentives for the more efficient blending of public and private capital.”

Richard Samans,

Head of the Centre for the Global Agenda, Member of the Managing Board, World Economic Forum

The way forward:

- Many “brownfield” projects are now on sale, having run into losses due to reasons ranging from land acquisition problems to cost escalation. With new regulations allowing long-term financing, these projects have become opportunities for buyers, and many are being bought by pension and sovereign wealth funds, which expect returns of about 15% on their investment.
- Government efforts to improve the ease of doing business are making the sector profitable again, which will bring financing back. For some projects, such as affordable housing, state governments are actually acquiring land, which sends a positive signal to investors. Greater foreign investment has been allowed, and urban local bodies are getting funds directly from the national ministry for urban development for use as seed capital for affordable housing projects.
- The Indian infrastructure sector will also benefit from multilateral initiatives such as the G20’s information hub, which seeks to make best practices available from multilateral banks and finance from a consortium of sovereign wealth funds, banks and multilateral development banks.
- The World Economic Forum is shepherding a coalition of donor governments, banks, pension funds and multilateral development banks. An electronic database of projects and investors is being prepared, which will facilitate making a match between the two.

- The government is striving to effect a shift in the public mindset so that, instead of free services of poor quality, citizens begin to demand assured and better services while accepting that they have to pay for them. This will make projects in a range of sectors including power, water and roads more profitable, and hence, credit-worthy.

Growing cities, building resilience

Today, 63% of India's GDP is generated in cities, up from 45% in 1991. This figure is expected to grow to 70%-75% by 2020. Just as cities grow economically, they will continue to attract migrants who come in search of jobs and a better life, which will put further stress on cities' capacity to support growing populations and provide them with basic facilities. As cities grow, so will pollution and the risk of massive destruction should disaster strike.

The experience of Amravati, the under-construction capital of the new state of Telangana, will be instructive in terms of how technology and best practices can be used to create an efficient, inclusive, productive and green city. Yet, most Indian cities, like the large metropolis of Delhi, do not have the benefit of a clean slate and must do the best they can to correct the mistakes of the past while preparing for the challenges of the future. This also applies to the 90-plus cities selected for the Smart Cities programme.

The way forward:

- Master planning should be participative, transparent and on a digital platform (to ensure transparency).
- Smart energy solutions would be distributed and decentralized, such as solar power and waste-to-energy solutions.
- Infrastructure projects could be implemented through a new model where they are monitored, or even “owned” by communities, so that they can sustain beyond politicians’ five-year terms.
- Private vehicles should be discouraged by providing viable and usable alternative public transport.
- Working hours could be staggered so that all vehicles are not on the road at once during an “office-hour rush” twice a day.
- Smart cities would have to ensure better water, sanitation and utilities by plugging supply-side leakages as well as managing demand through aware and conscientious citizens, energy efficient devices, etc.
- Providing affordable housing and infrastructure for the various service providers that power the city’s workforce is imperative.



“The development of infrastructure, without a doubt, is paramount for our country to move forward.”

Sumit Mazumder,
President, Confederation of Indian Industry (CII), India



- 01: Taking Talent to Market
 02: Arun Jaitley, Minister of Finance, Corporate Affairs and Information and Broadcasting of India
 03: Devendra Gangadhara Fadnavis, Chief Minister of Maharashtra, India
 04: N.K. Singh, Senior Member, Bharatiya Janata Party (BJP), India
 05: Nitin Jairam Gadkari, Minister of Road Transport, Highways and Shipping of India; N. K. Singh, Senior Member, Bharatiya Janata Party (BJP), India; Nik Gowing, International Broadcaster, United Kingdom, and Ajit Gulabchand, Chairman and Managing Director, Hindustan Construction Company, India

Furthering the new vision for agriculture

Agriculture can play a catalytic role in job creation and reducing inflation. It is important to strengthen the linkage between industry and farmers to reduce food wastage, improve rural livelihoods and achieve social inclusion. With these aims in mind, the government is setting up 42 food parks, which will increase the share of agricultural produce being processed from the current low of 10%. The government is also working on improving irrigation through initiatives such as Maharashtra's Jalyukt Shivir Yojna, and creating and strengthening the post-harvest supply chain.

The way forward:

- The emphasis must shift from offering subsidies to increasing investment in agriculture.
- Farmers must be encouraged to diversify and adopt a multi-crop system.

- To encourage the private sector to invest, the government must amend legislation such as the Agriculture Produce Marketing Committee Act, Essential Commodities Act and Forward Market Commodities Act, which are overly suspicious of private businesses.
- Better coordination between central and state governments and improved interdepartmental communication are important.
- Farmers should be involved in developing policies that impact their livelihoods and should be dealt with in their own setting – instead of in the rarefied corridors of power far removed from the farmers' reality – in order to resolve long-standing causes of farmer distress.

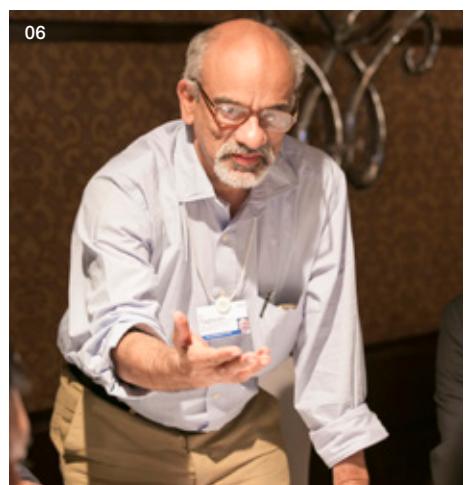


"Agriculture has the potential to not only drive our economy, but linked with food processing, it has the potential to play that catalytic role which is required to uplift agriculture and the farmer and add to his income, but to address the huge issue of high wastage in our country."

Harsimrat Kaur Badal,
Minister of Food Processing Industries of India



- 01:** C Parthasarathi, APC and Secretary, Government of Telangana, India
- 02:** Pravin Rao, Chief Operating Officer and Member of the Board, Infosys, India
- 03:** Vivek Law, Deputy Editor, India Today Group, India; Vijay Shekhar Sharma, Chief Executive Officer, One97 Communications, India; Jayant Sinha, Minister of State for Finance of India; Co-Chair of the National Strategy Day on India; Chanda Kochhar, Managing Director and Chief Executive Officer, ICICI Bank, India; Co-Chair of the National Strategy Day on India and Mengistu Alemayehu, Director, South Asia, International Finance Corporation, USA
- 04:** India Social Entrepreneur of the Year 2015 Award Ceremony
- 05:** Siraj Azmat Chaudhry, Chairman, Cargill India
- 06:** G. Raghuram, Professor, Public Systems Group and Dean of Faculty, Indian Institute of Management Ahmedabad, India; Global Agenda Council on India
- 07:** Growing Cities, Building Resilience



01: Arindom Datta, Asia Head, Sustainability Banking, Rabobank India, India

02: Sumit Mazumder, President, Confederation of Indian Industry (CII), India and M. Venkaiah Naidu, Minister of Urban Development, Housing and Urban Poverty Alleviation and Parliamentary Affairs of India; Co-Chair of the National Strategy Day on India

03: Vandana Goyal, Chief Executive Officer, Akanksha Foundation, India; Young Global Leader

04: Ratul Puri, Chairman, Hindustan Powerprojects (Hindustan Power), India; Co-Chair of the National Strategy Day on India

05: Chanda Kochhar, Managing Director and Chief Executive Officer, ICICI Bank, India; Co-Chair of the National Strategy Day on India

06: Anand Deshpande, Founder, Managing Director and Chief Executive Officer, Persistent Systems, India

07: Balvinder S. Kalsi, President, South Asia and ASEAN, DuPont India, India

08: Delivering Growth in the New Context



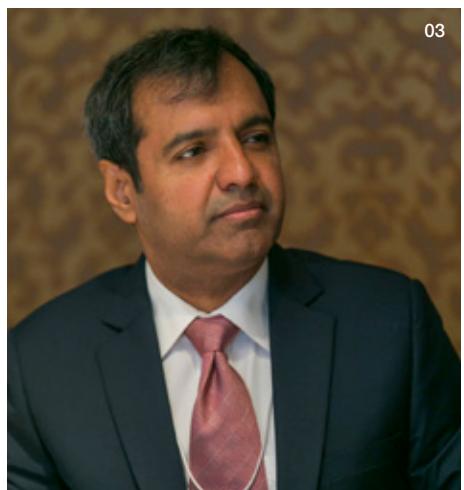


01: Piyush Goyal, Minister of State (Independent Charge) for Power, Coal, New and Renewable Energy of India and Klaus Schwab, Founder and Executive Chairman, World Economic Forum

02: Balvinder S. Kalsi, President, South Asia and ASEAN, DuPont India, India; Sean de Cleene, Senior Vice-President, Global Initiatives, Strategy and Business Development, Yara International, Belgium; Ramesh Chand, Member, NITI Aayog, India; Dinesh Kumar Jain, Additional Chief Secretary of Agriculture of Maharashtra, India and Ajav Vir Jakhar, Bharat Krishak, India

03: Shantanu Prakash, Chairman and Managing Director, Educomp Solutions, India; Global Agenda Council on Emerging Multinationals Leader

04: Reuben Abraham, Chief Executive Officer and Senior Fellow, IDFC Institute, India; Young Global Leader; Global Agenda Council on Emerging Multinationals; Manish Sisodia, Deputy Chief Minister of Delhi, Government of the National Capital Territory of Delhi, India; N. Chandrababu Naidu, Chief Minister of Andhra Pradesh, India and Ajit Gulabchand, Chairman and Managing Director, Hindustan Construction Company, India; Co-Chair of the National Strategy Day on India





- 01:** N. Chandrababu Naidu, Chief Minister of Andhra Pradesh, India
02: Shereen Bhan, Managing Editor, CNBC-TV18, India
03: Klaus Schwab, Founder and Executive Chairman, World Economic Forum; Arun Jaitley, Minister of Finance, Corporate Affairs and Information and Broadcasting of India
04: Delivering Growth in the New Context
05: Vijay Kumar Thallam, Special Chief Secretary of Agriculture and Cooperation of Andhra Pradesh, India





- 01:** Victor Mallet, South Asia Bureau Chief, The Financial Times, India; Sumit Mazumder, President, Confederation of Indian Industry (CII), India; M. Venkaiah Naidu, Minister of Urban Development, Housing and Urban Poverty Alleviation and Parliamentary Affairs of India; Punita Kumar-Sinha, Founder and Managing Partner, Pacific Paradigm Advisors, USA; Richard Samans, Head of the Centre for the Global Agenda, Member of the Managing Board, World Economic Forum
- 02:** Adeeb Ahamed, Chief Executive Officer, Lulu Financial Group, United Arab Emirates
- 03:** Rekha Mehrotra Menon, Chairman, Accenture, India
- 04:** Ajay Vir Jakhar, Bharat Krishak, India
- 05:** Nitin Jairam Gadkari, Minister of Road Transport, Highways and Shipping of India
- 06:** Dinesh Kumar Jain, Additional Chief Secretary of Agriculture of Maharashtra, India
- 07:** Simmrapal Singh, Chief Executive Officer, India, Louis Dreyfus Commodities India, India
- 08:** Shalini Puchlapalli, Chief Executive Officer, Lehar Foods (Pepsi), India; Young Global Leader
- 09:** Harsimrat Kaur Badal, Minister of Food Processing Industries of India

Acknowledgements

The World Economic Forum wishes to thank the Government of India and the Forum's Indian community at large for their support of the National Strategy Day on India.

The World Economic Forum would like to thank the officers and staff of the Confederation of Indian Industry (CII) for their partnership in the National Strategy Day on India.

Digital update

Contributors

The screenshot shows the WEF website for the 'National Strategy Day on India' event. At the top, there's a navigation bar with links for 'Agenda', 'Reports', 'Events' (which is underlined), 'Projects', and 'Communities'. Below the navigation is a search bar. The main content area has a header 'National Strategy Day on India' and a sub-header 'About'. It features a large photo of children in school uniforms. A text box discusses investment confidence in India and its challenges. Below this is a section for 'Co-chairs' featuring portraits of Hari S. Bhartia and Siraj Chaudhry, along with their names and titles. On the right side, there are sections for 'Links for Participants' (Meeting Overview, Programmes), 'Related Information' (Overview), and 'Partners' (with a note about acknowledgments). The footer includes the WEF logo and a copyright notice.

The event page of the National Strategy Day on India provides more information from the meeting, including photographs, press releases, social media and webcasts of selected sessions.

<http://wef.ch/in15>

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Floris Landi, Graphic Designer, World Economic Forum

This is a smaller screenshot of the regional agenda for the event. It includes the WEF logo and the text 'Delivering Growth in the New Context'. The agenda is dated 'New Delhi, India 3-4 November 2015'. Below the text is a large image of the Indian Parliament building's dome with the Indian flag.

This report is also available to download:
<http://wef.ch/in15>

Upcoming Meetings

World Economic Forum Annual Meeting 2016

Davos-Klosters, Switzerland 20-23 January

For over four decades, the World Economic Forum's mission – improving the state of the world – has driven the design and development of the Annual Meeting programme. We live in a fast-paced and interconnected world, where 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







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The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

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