



## DOUBLING DOWN ON A RESILIENT INDIA

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**( Mains GS 3- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment)**

### **Context:**

- Asia watchers observing that China will no more remain economic growth engine in Asia rather this decade belongs to India.
- It is now undeniable that almost every major global company is either contemplating or operating on the assumption that India is a key part of their growth story.

### **Huge inflows of FDI:**

- Google, Facebook, Walmart, Samsung, Foxconn, and Silver Lake have been just a handful of the firms that made big ticket bets on India in 2020.
- As a result, even as India experienced one of the world's sharpest economic contractions, it also saw the fastest growth in Foreign Direct Investment (FDI) inflows among all the major economies last year.
- India's \$60 billion-plus tally for new annual FDI equity inflows was its largest-ever haul
- Indeed, a significant share of India's FDI inflows arose from foreign investments directed solely at Reliance Jio.
- Meanwhile, India's latest FDI totals still lags behind the highest tallies in other markets such as China and Brazil.

### **Adapting the Indian market:**

- Three decades after its economy was liberalised, India remains a complex and challenging place to do business.
- Frequent shifts in the policy landscape and persistent market access barriers are standard complaints levied against India by the business community.

- Meanwhile, the government's push to build a "self-reliant" India has also rattled skittish investors and smaller companies that lack the resources to navigate on-the-ground hurdles.
- Still, leading corporate investors see the Indian market differently.
- They recognise that doing business in India or any emerging market comes with inherent risks but that adaptation in approach is critical to success.
- Most importantly, they have the vision to understand that these are risks worth taking given the scale of the India Opportunity.

### **India becomes growth destination:**

Four core dynamics drive India's economic growth and explain why multinational companies are making India an essential part of their growth story.

### **Demography:**

- What India offers through its nearly 1.4 billion people and their growing purchasing power is uniquely valuable for multinationals with global ambitions.
- No other country outside of China has a market that houses nearly one in six people on the planet and a rising middle class of 600 million.
- Failure to compete for a share of Indians' wallets is not just a missed strategic opportunity; it's borderline malpractice at the boardroom level.

### **Shifting geopolitics:**

- Rising U.S.-China competition is redefining the global landscape for investment and manufacturing, forcing multinationals to rethink their footprints and production hubs.
- Savvy countries such as Vietnam have capitalised on this opportunity to great effect, but India is finally getting serious about attracting large-scale production and exports.
- Major multinational companies such as Samsung have invested billions in the Indian market, and manufacturers such as Cisco, Nokia, Ericsson, and Flex are reportedly weighing new investments that take advantage of fresh incentive programs.

### **Digital connectivity:**

- Cheap mobile data have powered a revolution across India's digital economy and connected an estimated 700 million Indians to the Internet.
- More than 500 million Indians still remain offline, and the rise of these 'next gen netizens' is a key reason why leading global tech companies are investing in India.

- Domestic Indian companies have also demonstrated their ability to innovate and deliver high quality services at scale.
- The partnerships and FDI flows linking multinationals and Indian tech firms will continue to unlock shared market opportunities for years to come.

### **National resilience:**

- Despite facing the scourge of the novel coronavirus head on, India has managed the pandemic better than many of its western peers and restored economic activity even before implementing a mass vaccination programme.
- These are remarkable developments, and yet they speak to India's underlying resilience even in the face of historic challenges.
- This ethos will serve India well as it navigates the complex challenges of the 21st century, and global investors are clearly taking note.

### **Value creation:**

- Unlocking opportunities in the Indian market cannot take the form of a one-way wealth transfer
- Companies should not expect a warm welcome without continuously demonstrating their commitment to India.
- Successful companies do this by placing shared value creation at the heart of their business strategy.
- They tie corporate success to India's growth and development.
- They forge enduring partnerships and lasting relationships, elevate and invest in Indian talent, align products with Indian tastes, and ultimately tackle the hardest problems facing India today.

### **Conclusion:**

- Charting a path forward in this dynamic growing market will require corporate executives to make new commitments and navigate choppy waters.
- But for leading companies with global ambitions and a willingness to make big bets, the rewards of investing in the Indian market are substantial and well worth pursuing.