

# India's Rising International Influence

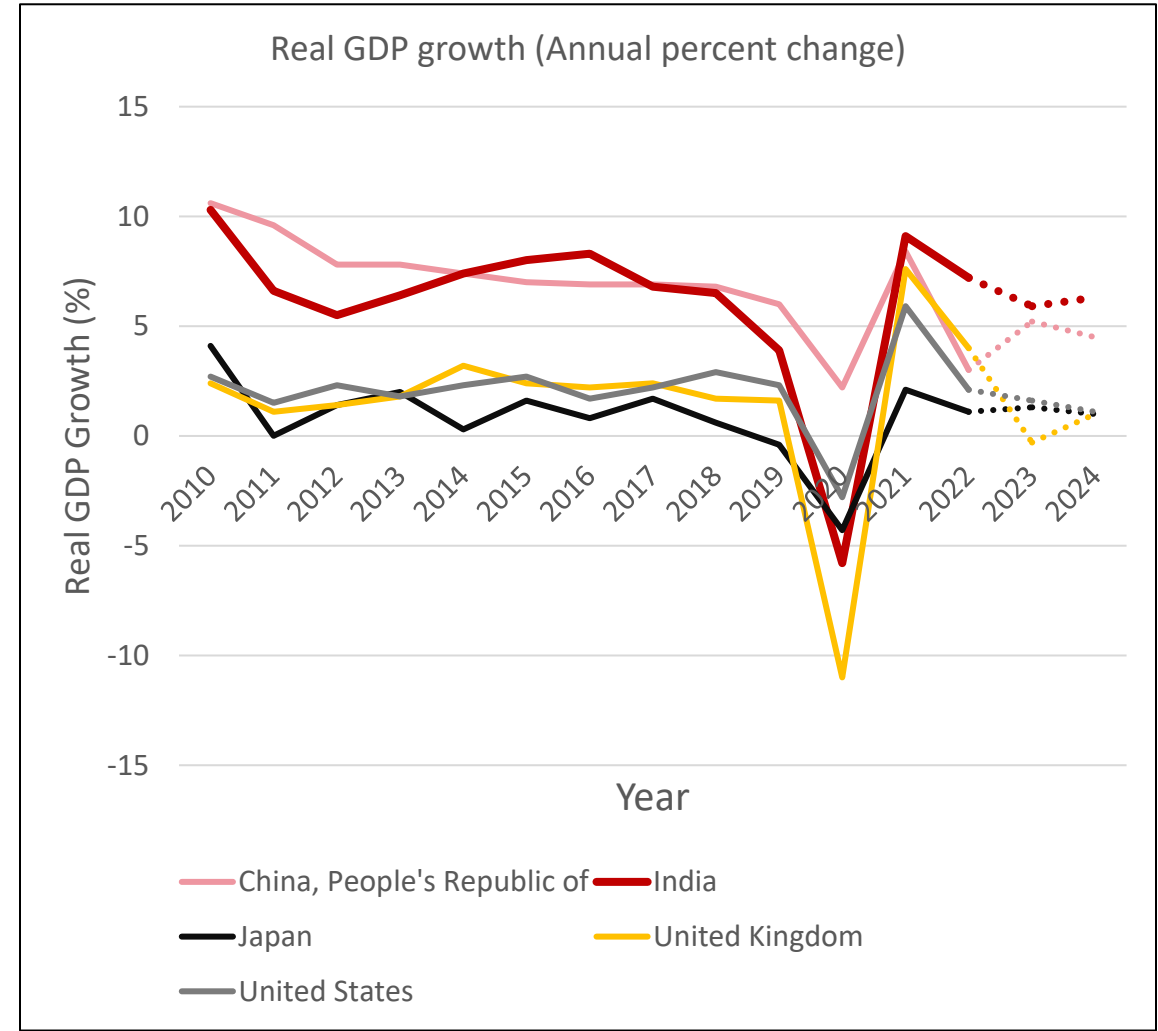
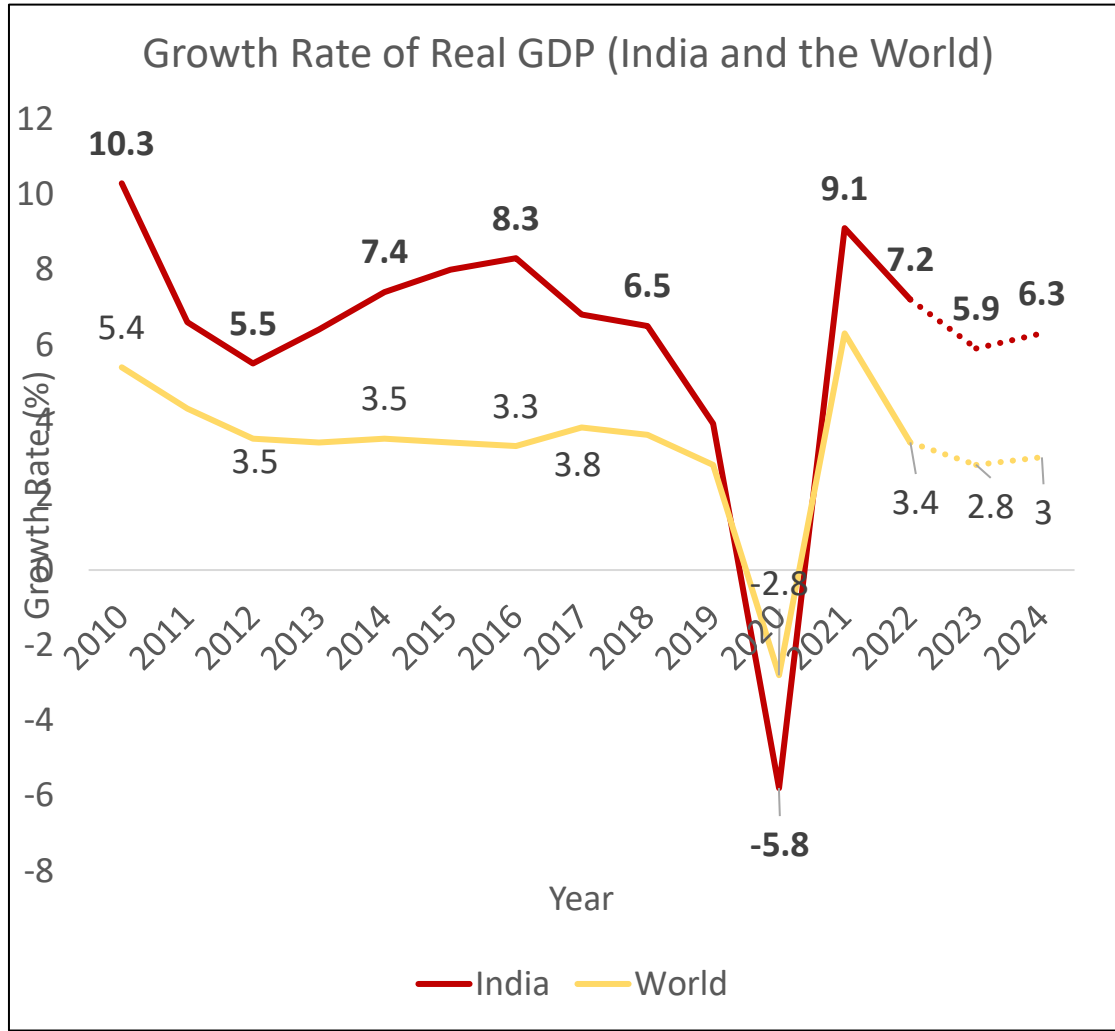
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President and Senior Fellow,  
Centre for Social and Economic Progress (CSEP)  
June 7, 2023

# Scheme of Presentation

- Growing Role in the Global Economy
- How is India Different?
- Challenges

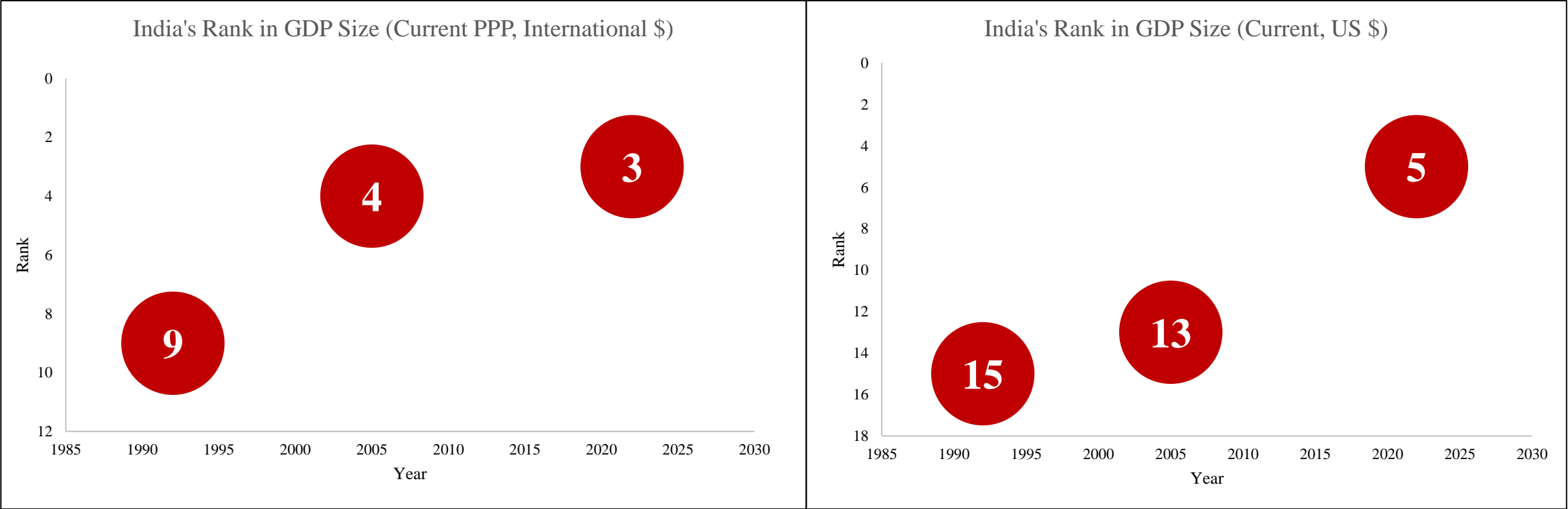
# Growing Role in the Global Economy

# Indian Economy has been Resilient



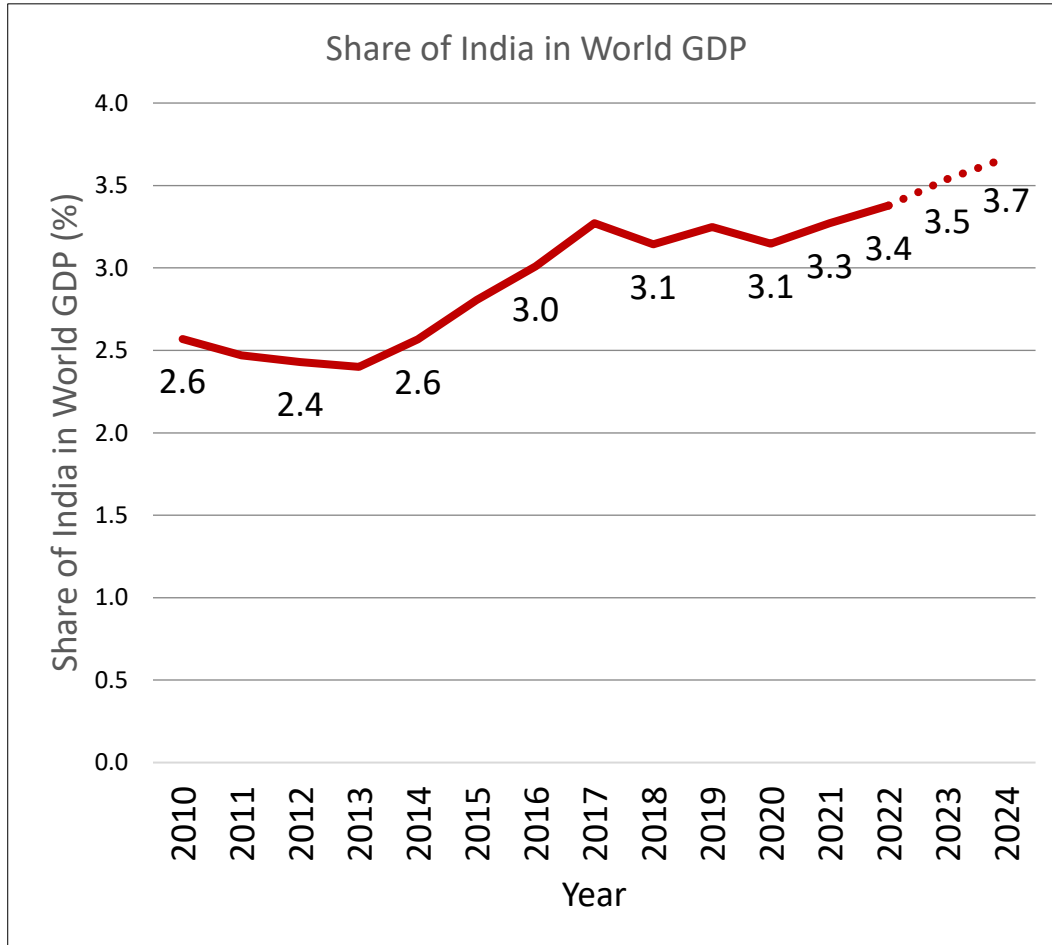
Source: IMF

# Indian Economy is now among the Top Five



Source: IMF

# India's Share in Global GDP – Rising Slowly but Steadily

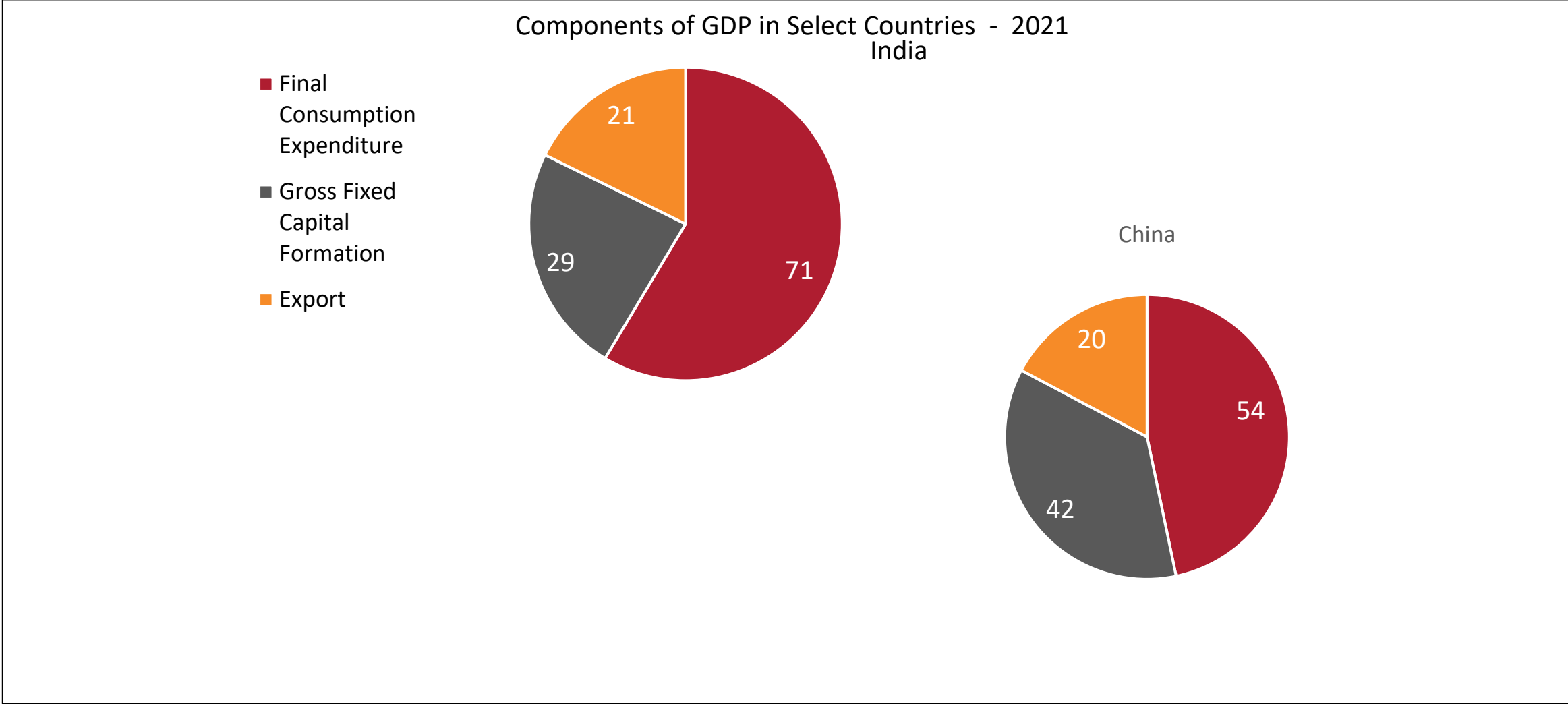


Source: IMF



# How is India Different?

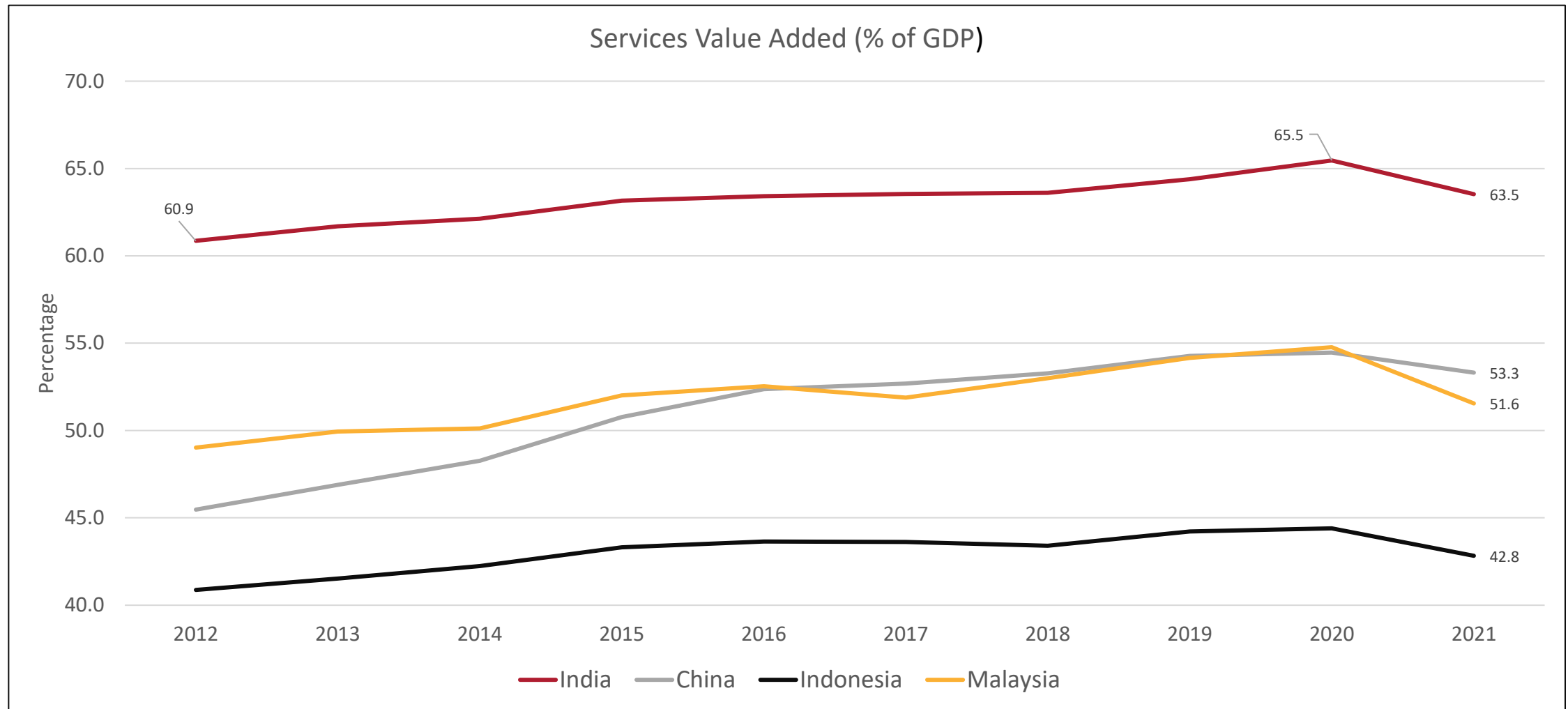
# Consumption - The Main Driver of Growth in India



Source: World Bank

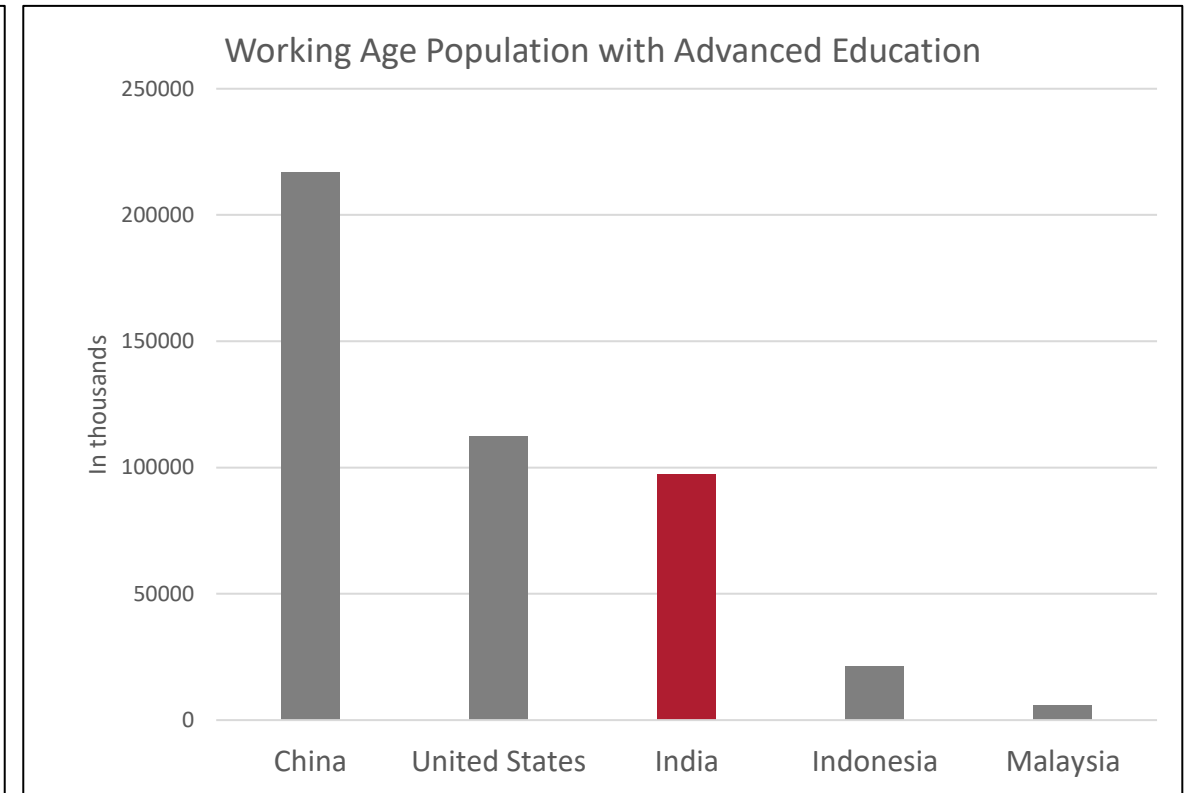
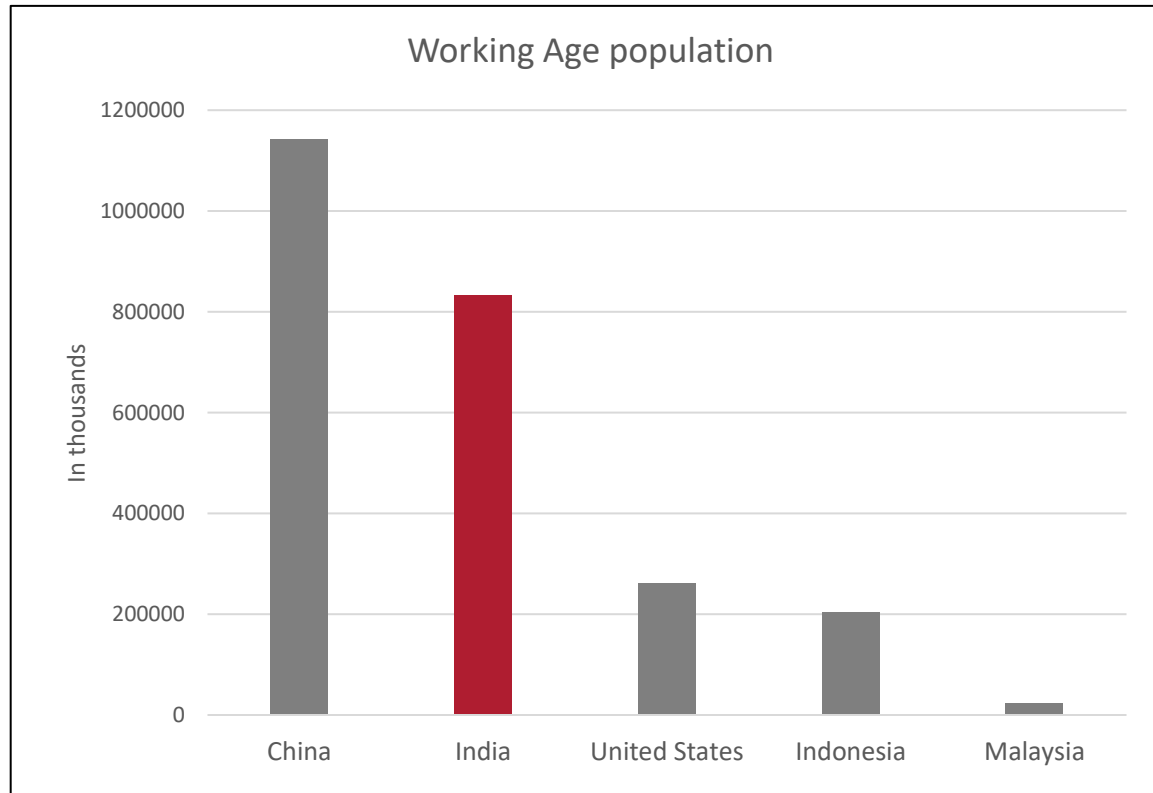


# Services Dominate the Indian Economy



Source: World Bank; MOSPI

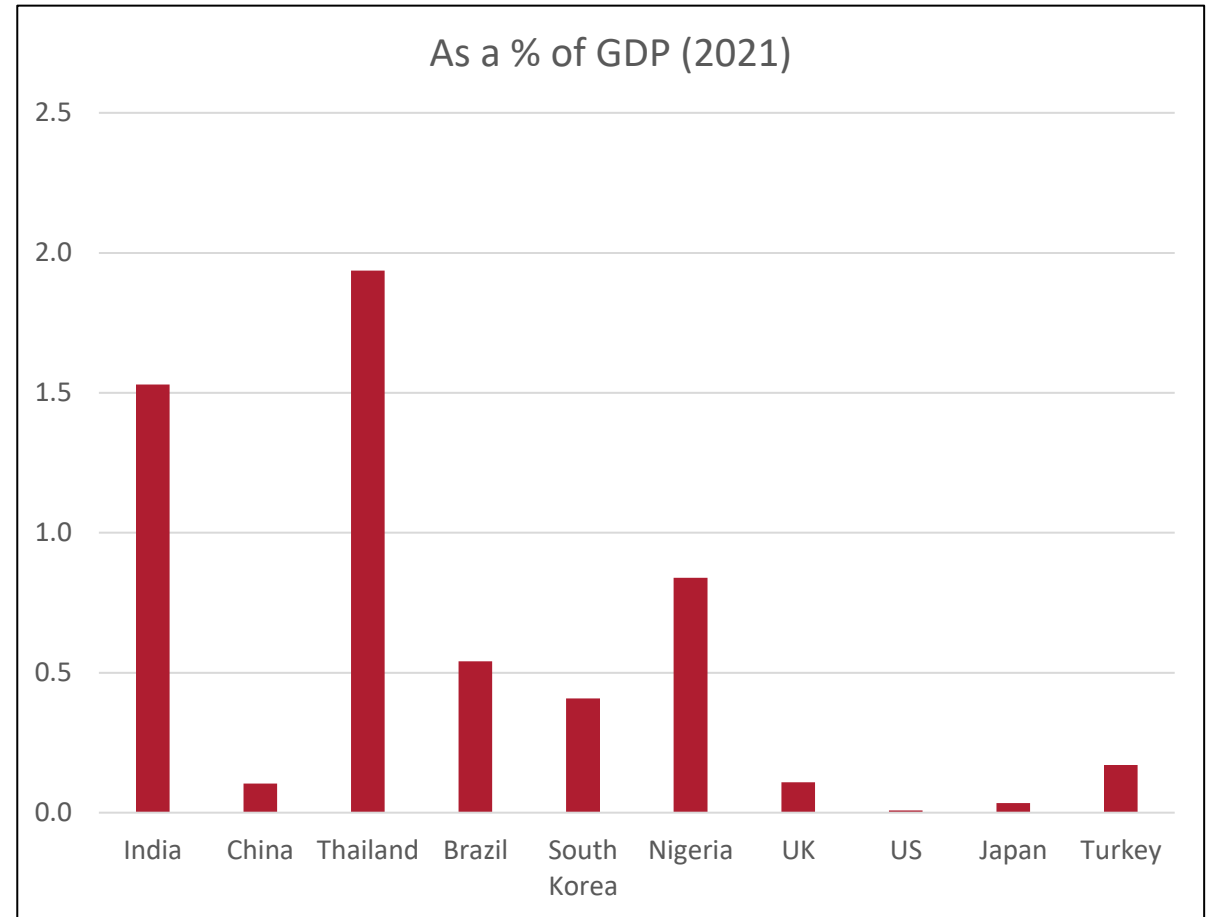
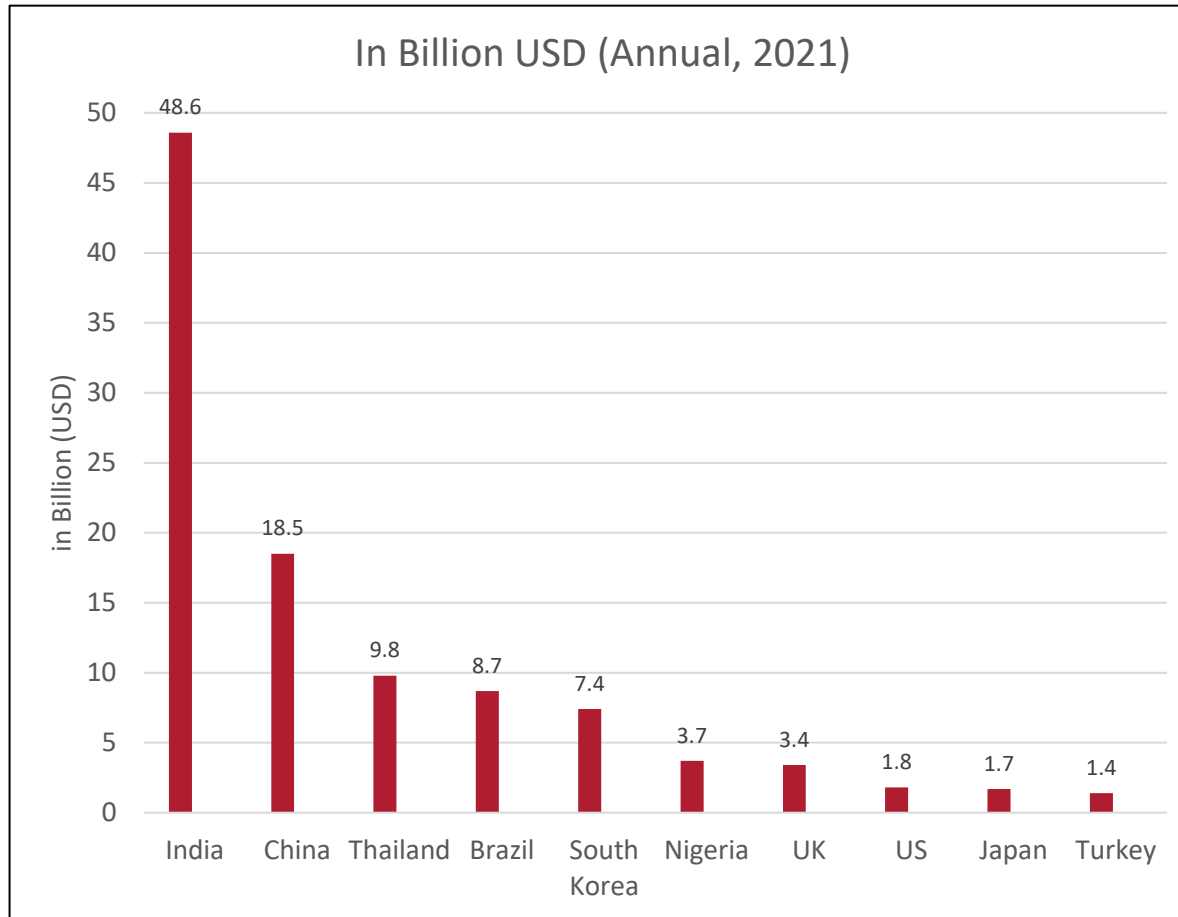
# A Large Pool of Young and Educated Work Force



Source: ILO

Note: Advanced education comprises short-cycle tertiary education, a bachelor's degree or a master's degree, or doctoral degree

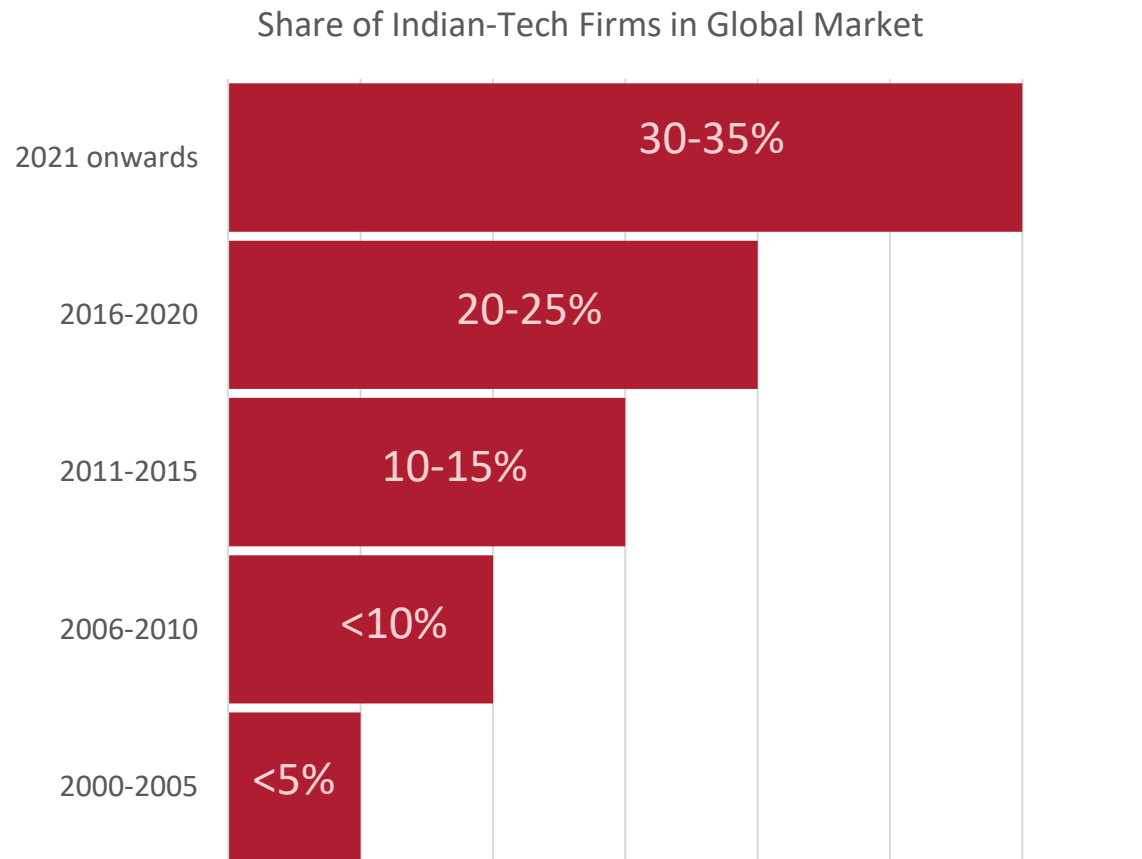
# Real Time Payments – India a Global Leader



Source: ACI Worldwide.

Note: Real-time payment is used to describe any account-to-account fund transfer that allows for the immediate availability of funds to the beneficiary of the transaction; Eg: UPI, RTGS etc.

# India's IT Prowess – One-third of Global Market Share



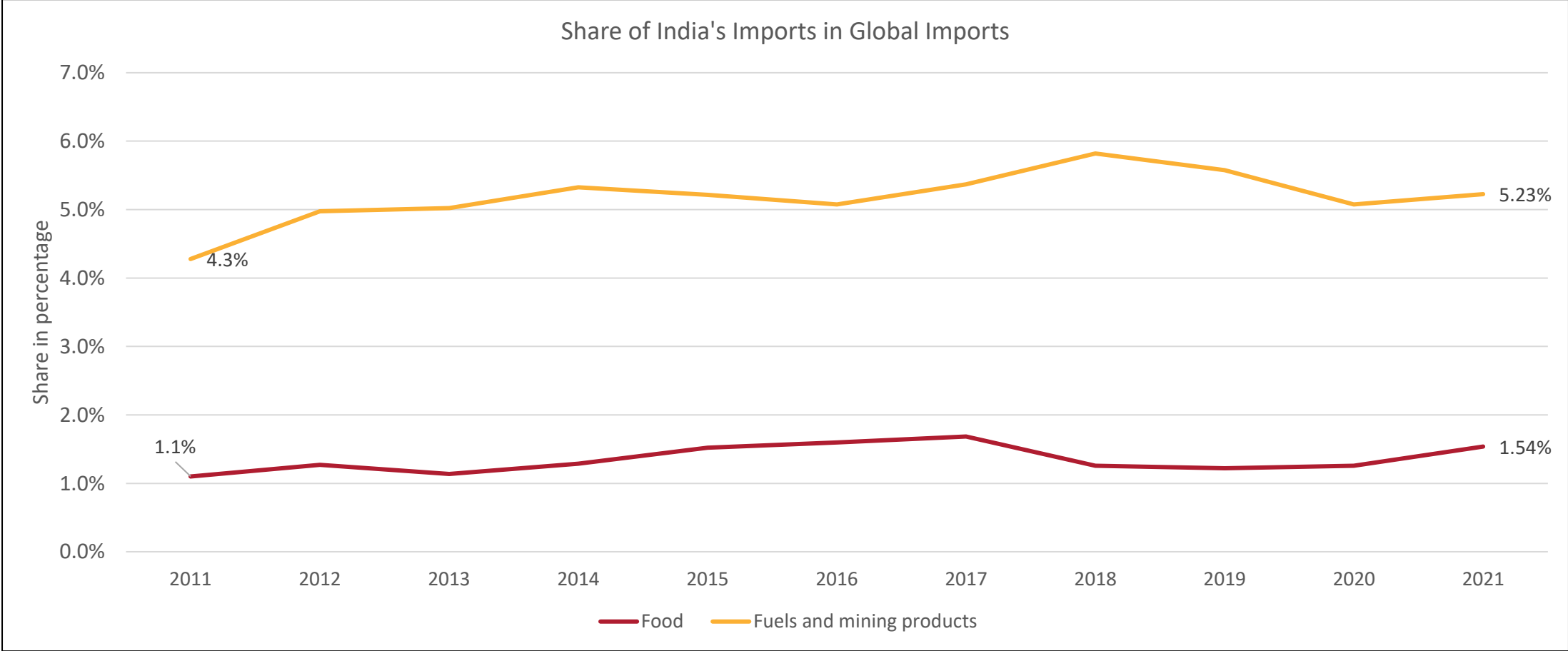
Source: Report on India's Software Product Ecosystem, NASSCOM



Source: WTO

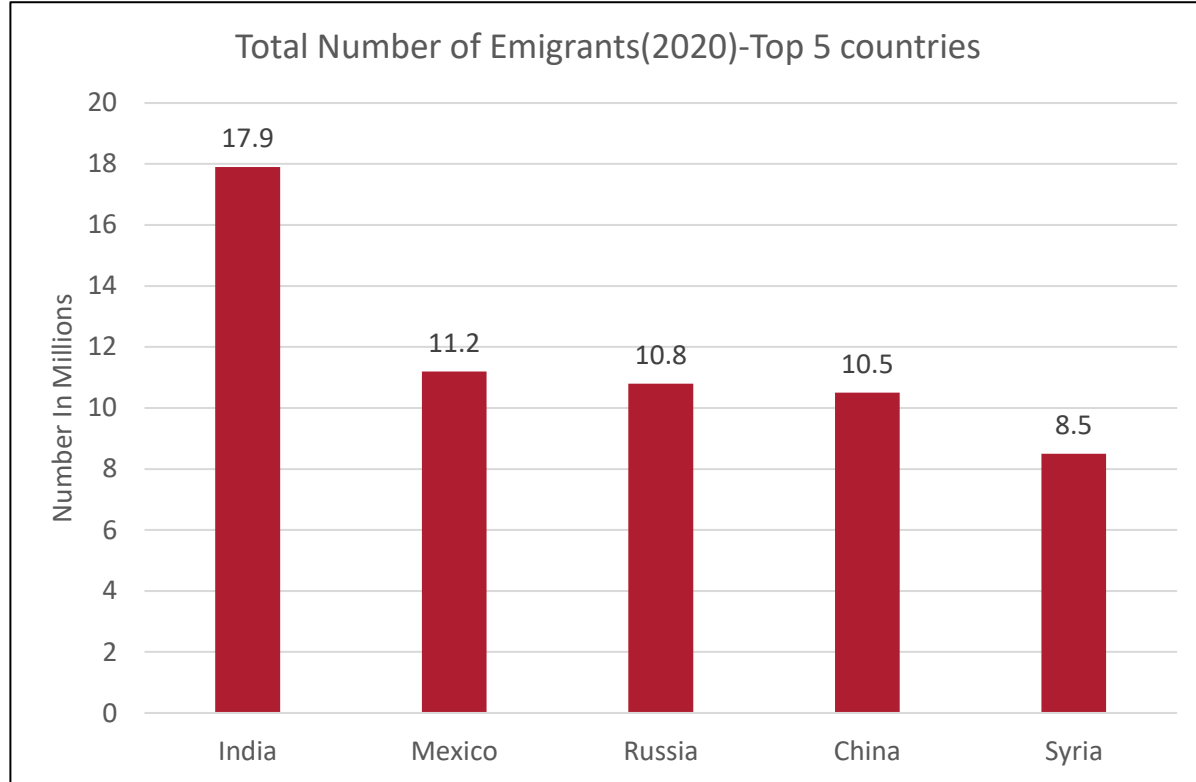
Note: ICT services exports include the export of information, telecommunications, and computer services

# India: A Large Importer of Commodities

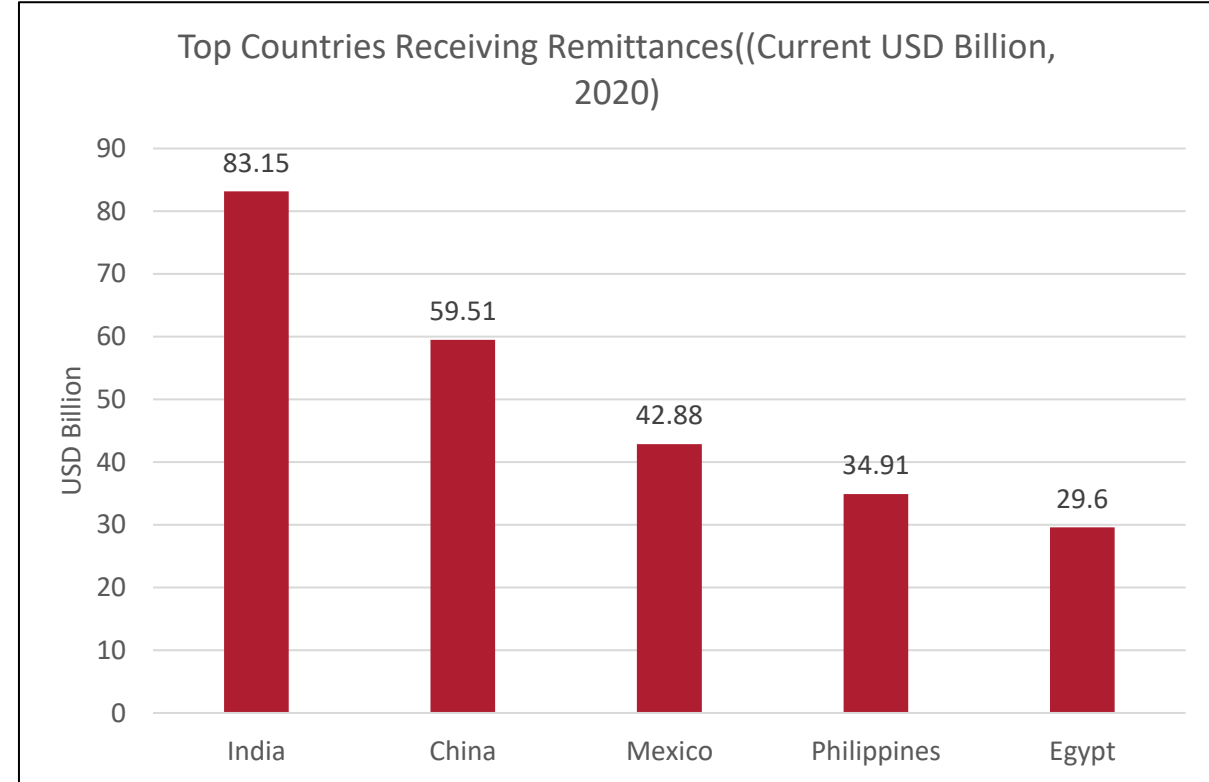


Source: WTO

# Large Indian Diaspora – A Huge Source of Strength and Remittances



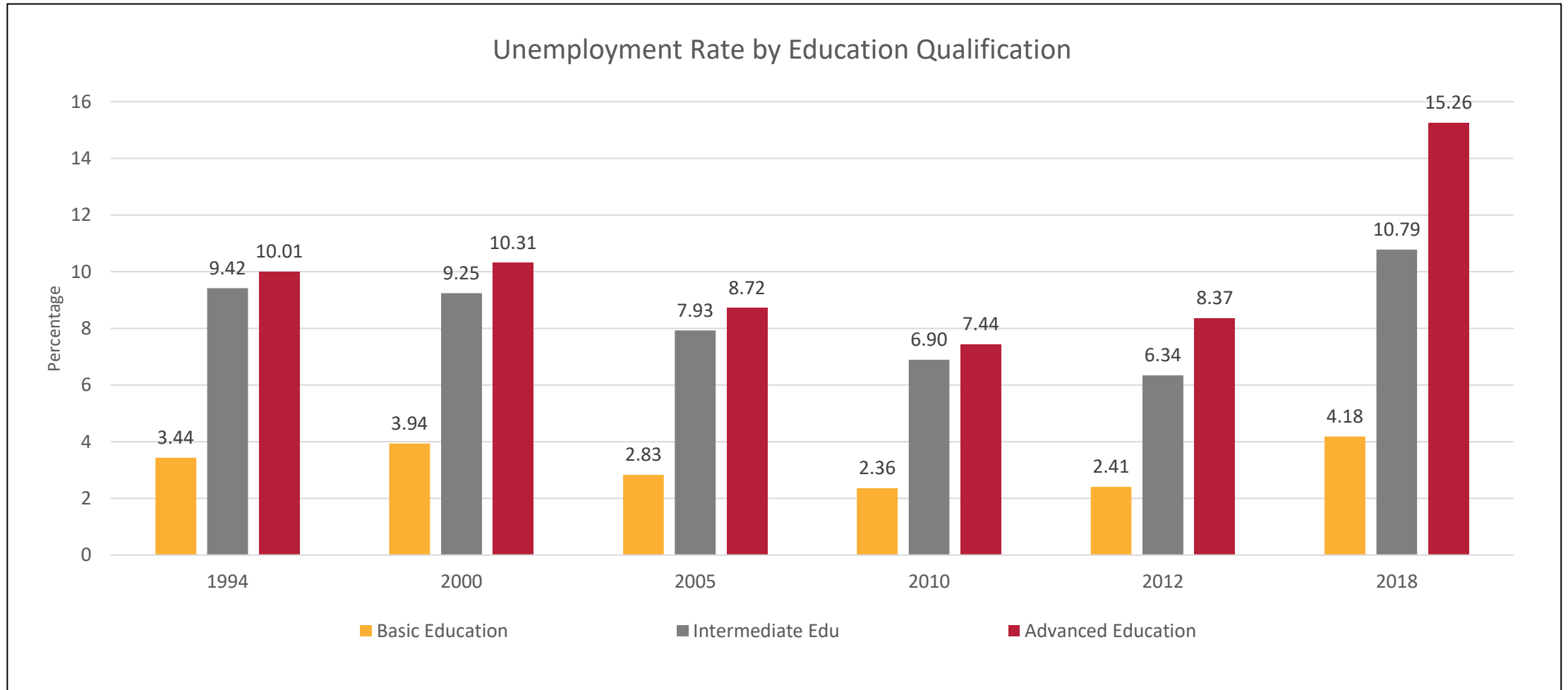
Source: UN DESA



Source: World Migration Report 2022

# Challenges

# Gaps in skillsets



Source: World Bank

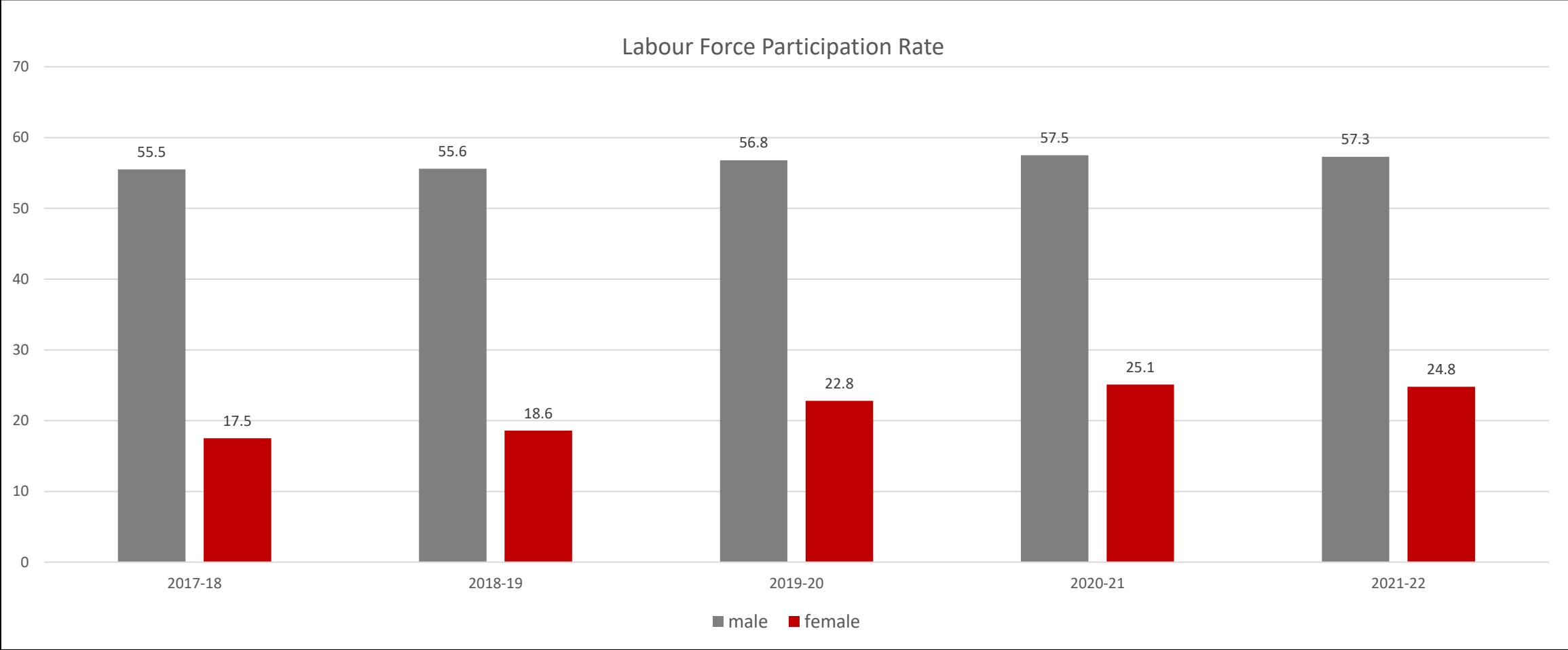
Note: Advanced education comprises short-cycle tertiary education/ bachelor's/ master's degree/ doctoral degree

Intermediate education comprises upper secondary or post-secondary non tertiary education

Basic education comprises primary education or lower secondary education

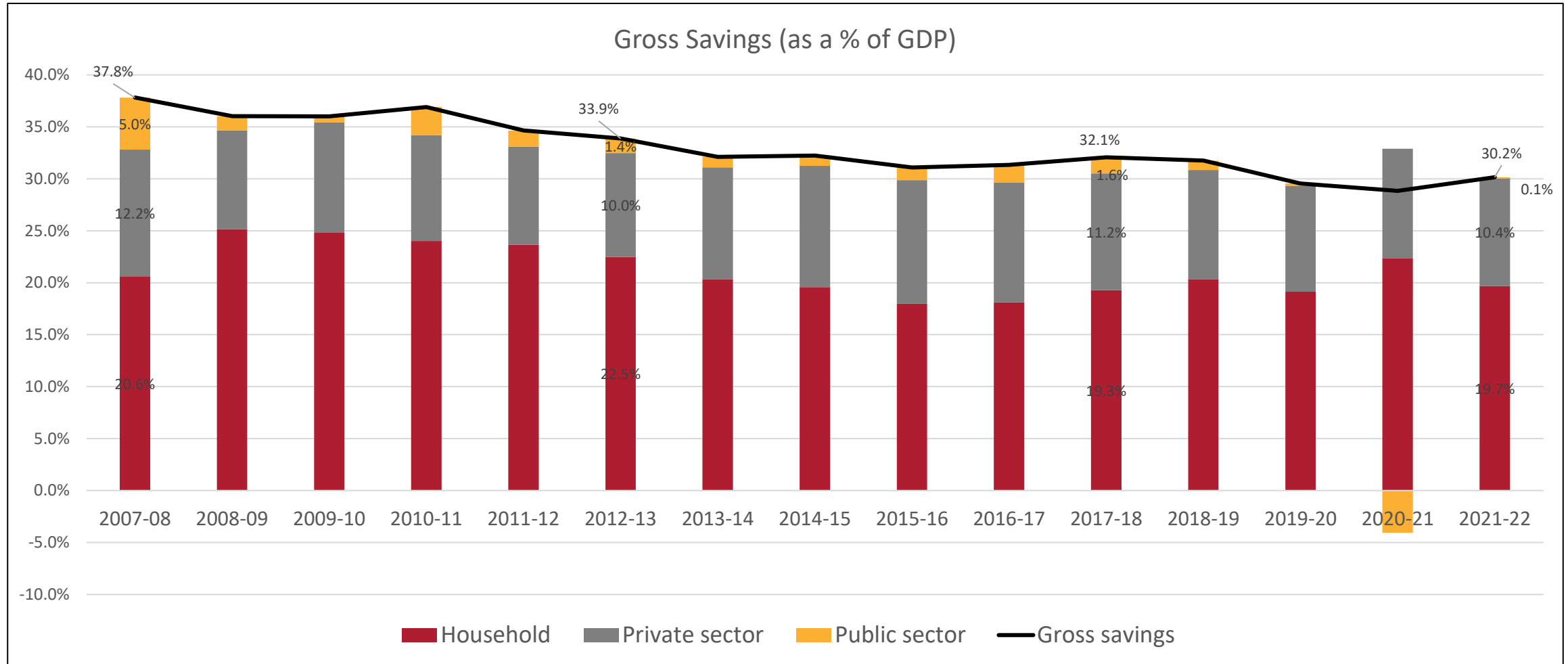


# Low Women's Participation in the Labour Force



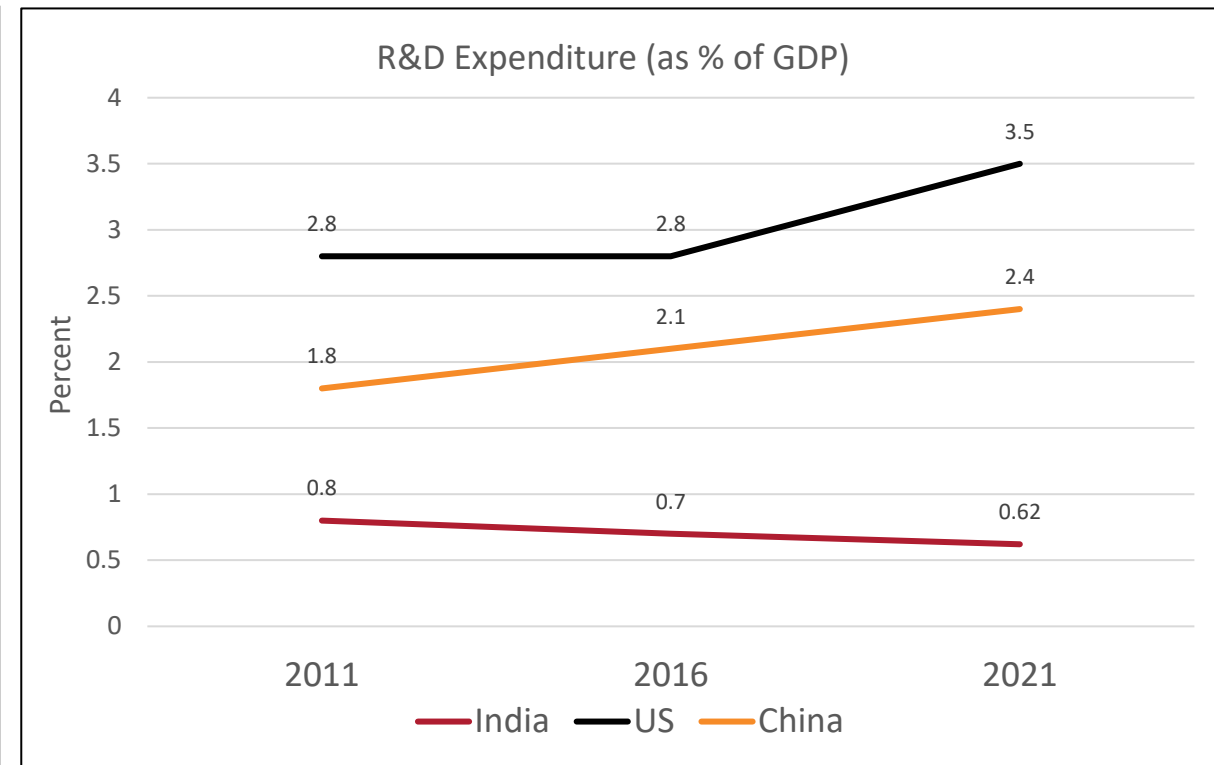
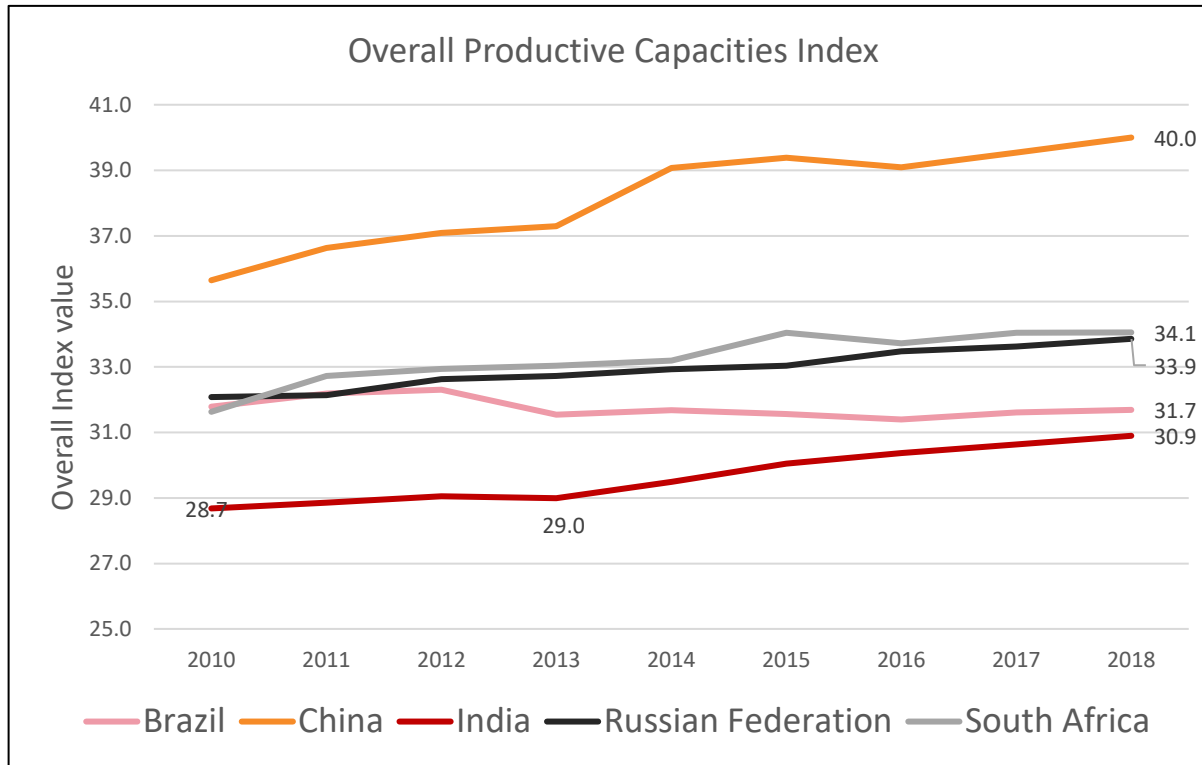
Source: PLFS

# The Savings Rate has been Declining



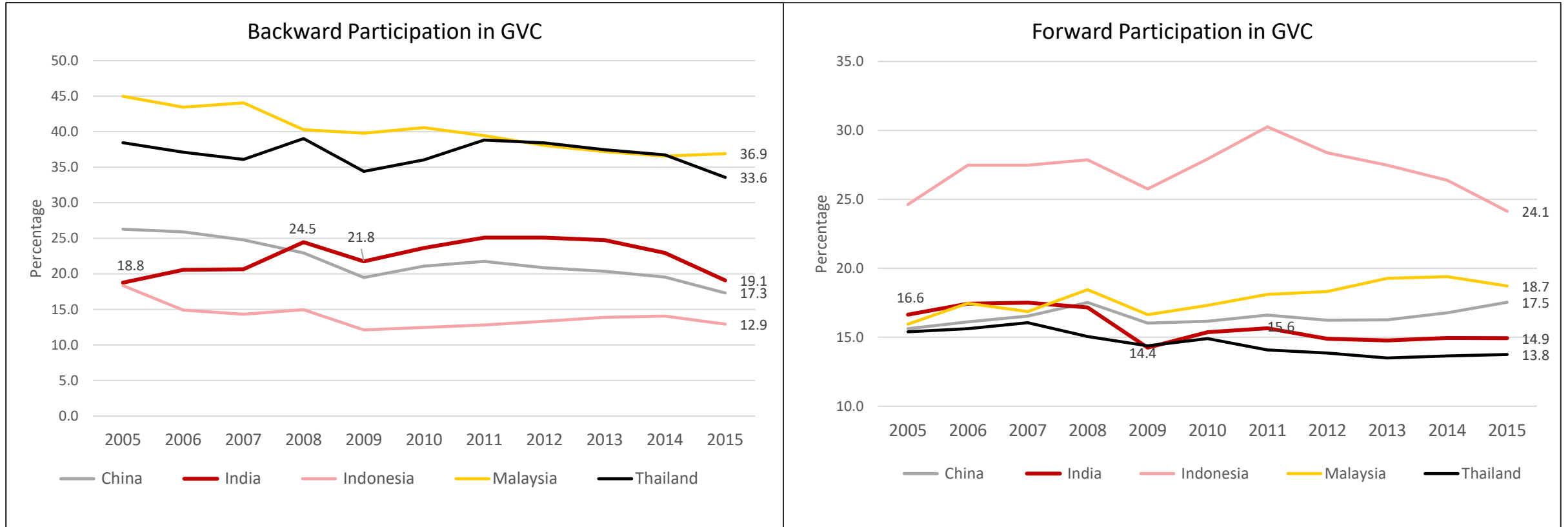
Source: MOSPI

# Overall Productivity and R&D Expenditure is Low in India



Source: UNCTAD; UNESCO, Institute for Statistics; OECD MSTI Indicators

# India's Participation in Global Value Chain is Low



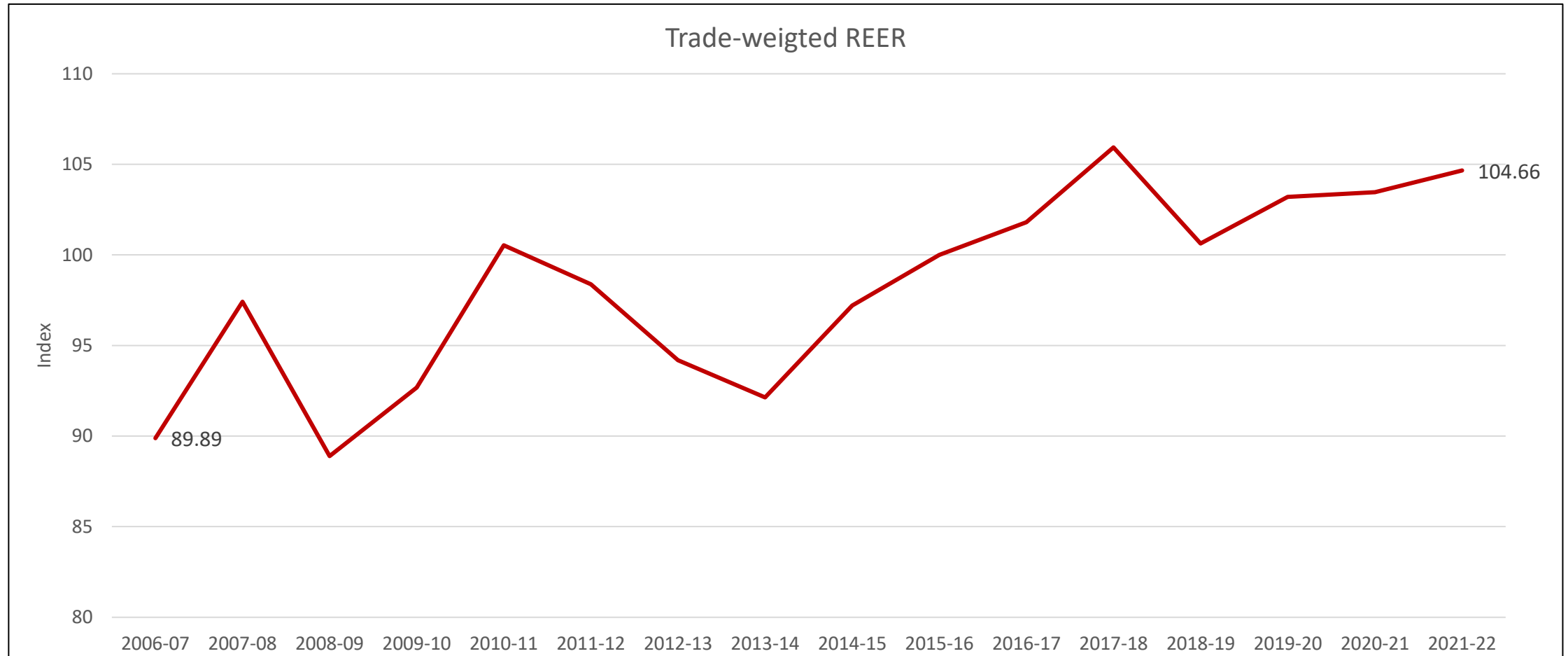
Source: Trade in Value Added, OECD Libraries

# Exports-GDP Ratio – Broadly Unchanged Since 2008-09



Source: World Bank

# Overvalued Rupee – Makes India's Exports Uncompetitive



Source: RBI

Notes: 1. Based on 40-Currency Basket; Financial Year - Annual Average (Base: 2015-16 = 100)

2. REER figures are based on Consumer Price Index.

3. Data for 2020-21 and 2021-22 are provisional.

# Challenges are also Opportunities

## India Needs to:

- Step up the savings rate through fiscal consolidation and by improving corporate sector savings.
- Enhance productivity by improving:
  - Skillsets
  - Spending on R&D
  - Ease of doing business, infrastructure etc.

## India Needs to:

- Increase the share of manufacturing in GVA:
  - Labour-intensive manufacturing
  - Improve export performance
  - Increase the share in GVC
  - Reduce tariff rates in line with those of its peers

# Engaging with India

- India will be a rising consuming 'power',
  - Middle class dominates the consumer market and middle class is rising in India.
  - Bilateral and regional trade relationships
  - Major importer of minerals
  - Other
- Technology prowess at lower cost
  - IT and ITES
- Skilled and educated Indian diaspora



**Thank you**