

INDIA'S ROADMAP TO GLOBAL LEADERSHIP: CHALLENGES & IMPERATIVES



We **don't** need

a large **hammer.**

We must **look** for

the **sharper nail.**

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F M S DIAMOND JUBILEE CELEBRATIONS

21st March, 2015

PANEL DISCUSSION : 'India's Roadmap to Global Leadership:
Challenges & Imperatives'

PANELISTS : Mr. Rajiv Mehrishi, Secretary, Ministry of Finance, Govt. of India
Mr. Rajiv Memani, CEO & Managing Partner, Ernst & Young India
Mr. Banmali Agrawala, President & CEO, GE South Asia

MODERATOR : Mr. Raghav Bahl, Founder & Managing Director, Quintillion Media Pvt Ltd.



Organised by The FMS Forum



The FMS FORUM

The FMS Forum is an endeavor in the spirit of Guru Dakshina to leverage Alumni network to create an ‘Intellectual’ platform. Its larger goals are:

- Position ‘FMS’ as a ‘Thought Leader’ in the field of Management Education in India
- Support FMS on the ‘Academic’ agenda and contribute to its growth
- Provide ‘Active’ interface to alumni with FMS to support and sponsor research based projects
- Facilitate Case Development
- Leverage Alumni network to reinforce ‘Brand FMS’

Roadmap:

With the Dean as its patron and managed by an elected executive committee with a President, Vice President, Treasurer and Secretary, the FMS Forum has following immediate roadmap:

- Paid Membership : Life / Associate(5 yrs)
- 3-5 events in a year with 50-100 numbers audience
- One mega event in a year with 200+ participants
- Funding of corpus through membership and sponsorships

The Forum shall use these and other opportunities for fulfilment of its objectives.

Status update:

The FMS Forum was registered as a not for profit society in 2015 as culmination of its two years long effort by a group of likeminded senior alumni who have been associated with the FMS in different roles. It elected its first executive with its office bearers being

- Mr. Sunder Hemrajani, President
- Mr. Rajesh Sud, Vice – President
- Mr. Kamal Oberoi, Treasure
- Mr. Assem Gulati, Secretary



Prof. M.L.Singla, Dean FMS - Patron

EXECUTIVE COMMITTEE

- * Sunder Hemrajani (1979) - President
- * Rajesh Sud (1992) - Vice President
- * Kamal Oberoi (1978) - Treasurer
- * Aseem Gulati (2011) - Secretary
- * A P Parigi (1978)
- * Sudhir Nayar (1974)
- * Ashwani Windlass (1978)
- * Deepak Talwar (1978)
- * Harit Nagpal (1985)
- * Rohit Adya (1984)
- * Rishi Lalwani (2011)
- * Sandeep Kohli (1979)



Prof. M.L.Singla
Dean FMS

60 Glorious Years

“At FMS, our aim is to groom business leaders, independent management thinkers and decision makers, who strive to make a difference to the lives of their fellow human beings.”

Faculty of Management Studies of University of Delhi celebrates its Diamond Jubilee. It came into existence in 1954 and has been known for its quality management education and creation of down-to-earth business leaders for the society ever since. It has grown into one of the eminent management schools in the country. FMS being an integral part of University of Delhi, is able to draw upon the rich academic and infrastructural resources of the University. Our access to the professional hub of National Capital Region provides an additional opportunity to our graduates to interact with corporate leaders, seasoned bureaucrats and policy makers.

Its highly qualified faculty, with excellent inputs from industry leaders, contributes phenomenally in shaping up the management graduates suited to take on bigger responsibilities in industry, businesses, government, academia and social sector. Our 10000+ well placed alumni around the world, act as a strategic asset to our students and with their technical and professional guidance develops them into one of the most sought after B-School graduates year after year.

Having built an expertise of imparting management education over the last six decades, FMS is poised for redefining excellence and creating an eco-system for experiential learning with an inclusive approach of faculty, students, alumni and experts from the industry. On behalf of the University of Delhi and FMS fraternity, it is my pleasure to invite you to be a part of this phenomenon called Brand FMS.

‘The FMS Forum’ has been set up to pursue the agenda to strengthen Brand FMS. The Forum will work towards leveraging the intellectual capital of our alumni. It will also provide the alumni interface to enable creation of thought leadership in Management Education.

Come and be a part of this exciting endeavor!

Mr. Sunder Hemrajani
President The FMS Forum



Positioning FMS as a Thought Leader

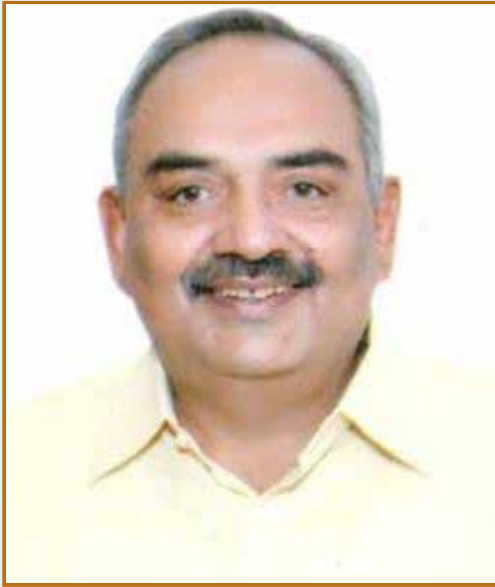
‘The spirit of Guru Dakshina is the underlying sentiment’

Like all alumni, I have very fond memories of my years (1977-79) at FMS. Apart from the management concepts, I learnt my lessons in leadership and team work outside the classroom - on the FMS trekking expedition and as a member of the all conquering FMS football team. What followed was a corporate career spanning 35 years which took me through leading companies. It's now time to give back to the alma-mater

While FMS Alumni is a larger social network, the objective here is to create an ‘intellectual’ platform. ‘The FMS Forum’ will enable the like minded alumni to build and reinforce the FMS brand in an organized and sustained manner. This would entail the following-

1. Provide active interface to alumni with FMS to support and sponsor research based projects and facilitate case development.
2. Promote, through intellectual exchange, the diffusion of knowledge in management thought and practice: Support FMS on activities linked to academic agenda.
3. To mobilize funds for the corpus through membership and sponsorships to support its activities.

The competitive context of B Schools has undergone a change. FMS clearly needs to take a leap into the future if it has to remain a top brand in the field of management education. We look forward to continuous participation and contribution from the alumni.



**Mr. Rajiv Mehrishi,
Secretary, Ministry of Finance,
Govt. of India**

Rajiv Mehrishi (born on August 8, 1955 in Rajasthan) has been Finance Secretary since October 29, 2014.

He was a Chief Secretary of Rajasthan in 2013-2014 and has been associated with the key labor reforms of Rajasthan in an attempt to attract industry, as well as an ambitious identity scheme for better delivery of public goods and subsidies. Such measures by the Rajasthan Government were widely acclaimed as “Rajasthan model”. Both land and labor have been seen by several experts as the main impediments to industrial production & employment in India.

Among the first initiatives of the Rajasthan government at that time was taking the government to the doorsteps of people. While the Chief Minister led the team of state Cabinet Ministers, Mehrishi would go with his senior officers to villages and try to give on-the-spot solutions to peoples’ problems. He was also pushing for changes in health and education: “What is obvious to thinking people is that we are failing at delivering education and health to the people. Doing more of the same cannot help. You must do things differently.” He has thus been a vocal critic of many schemes launched in the past, for their severely limited delivery. Before being appointed Rajasthan Chief Secretary on December 2013, he was secretary of Ministry of Overseas Affairs and special secretary in the union Agriculture Ministry. Mehrishi has served on many positions in the state Government, and most of his assignments have been in the departments that deal with economics.

Mehrishi is an alumnus of St. Xaviers School (Jaipur) and got a college degree from Delhi’s St. Stephen’s. He holds Masters Degree in history and degree in management from the United Kingdom. He is a 1978-batch Indian Administrative Services (IAS) officer of Rajasthan cadre.

**Mr. Rajiv Memani,
CEO & Managing Partner,
Ernst & Young India**

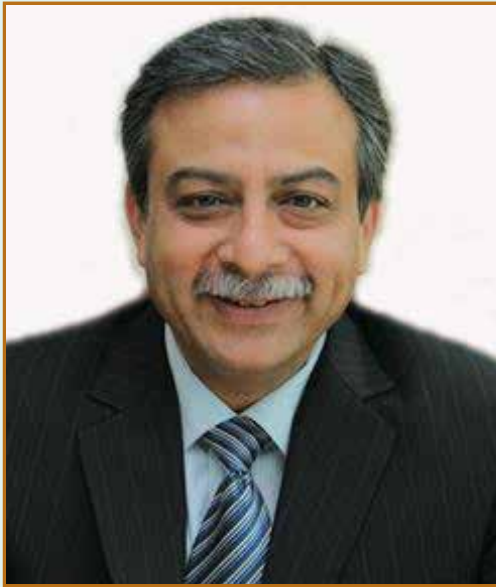


Rajiv Memani is the Chairman – India Region of EY in India since 2004. Rajiv is also a member of EY's Global Executive, the global organization's apex management body, as 'Chair - Emerging Markets Committee.'

A qualified chartered accountant, Rajiv has been associated with EY for about 25 years. He has successfully advised clients across disciplines, and has worked with several large conglomerates including Reliance Industries Ltd. and the Aditya Birla Group.

Rajiv heads the Private Equity Initiative of the firm in India and is in regular touch with all major players including KKR, Warburg Pincus, etc. In addition, he has advised several leading MNCs and PEs on their entry into India.

Rajiv is a member of the National Council of the Confederation of Indian Industry (CII) and Chairman of its National Committee on Taxation. He is a World Economic Forum's New Asian Leader, a network of 100 young leaders in business and politics.



**Mr. Banmali Agrawala,
President & CEO,
GE South Asia**

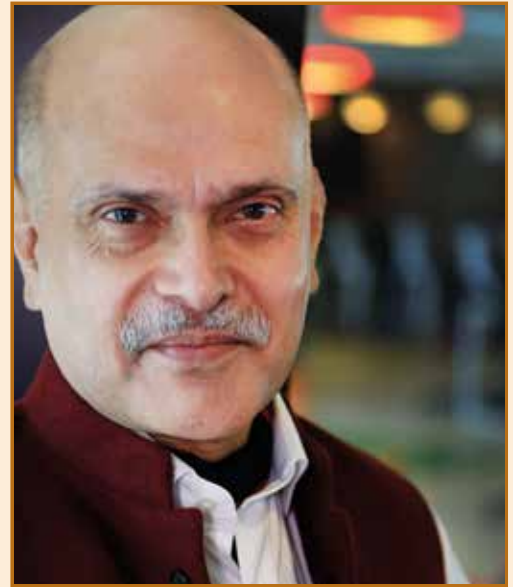
Banmali Agrawala is the President and CEO for GE South Asia and is responsible for all of GE's operations in the Region. A veteran in the Energy domain, Banmali has over 29 years of global experience. He has served in several senior leadership roles in the Wartsila Group and in The Tata Power Group. He is acknowledged in the industry to have built and led successful teams that have driven business growth globally.

In his previous role at Tata Power, Banmali served as a Member of the Board Of Directors and the Executive Director – Strategy and Business Development. He was also nominated to the Board of other Tata Group Companies and joint ventures.

Prior to Tata Power, Banmali was with the Wartsila Group for over twenty one years and at the time of leaving the Group, he was the Managing Director of Wartsila India Limited and a member of Wartsila Global Power Plant Management Board.

An active member of the Confederation of Indian Industries (CII), Banmali has held several official positions within CII such as Chairman of the Western Regional Council, an elected Member of the National Council, Chairman of the National Committee on Power and Chairman of the Maharashtra State Council. Banmali is a Mechanical Engineering graduate from the Mangalore University and is also an alumnus of the Advanced Management Programme of the Harvard Business School.

**Mr. Raghav Bahl,
Founder & Managing Director,
Quintillion Media Pvt Ltd.**



Often called the ‘Rupert Murdoch of India’, Raghav Bahl is a journalist, entrepreneur, media baron and one of the most respected business leaders of India. He built a highly diversified media company, Network 18, which has news operations at its core, and layered with a rich assortment of entertainment and film properties. Raghav recently exited from the company and plans to focus on his dream of digital content creation and distribution.

Raghav began his media journey while still in college. As a student at St. Stephens College, his passion for news compelled him to create TV programmes and moderate debates for the state-owned network. Not seeing much opportunity for journalists in India then, he decided to pursue an MBA from the University of Delhi and work as a management consultant for AF Ferguson and American Express Bank.

The television bug, however, continued to spur him on and he kept making TV shows in his spare time. When satellite TV arrived in 1991, he invested USD 2,000 to make two pilot programmes, one in news and one entertainment, and sent them—via video cassette!—to the BBC and Star TV in Hong Kong. They both wanted them. He also began making shows for CNBC Asia, so when they decided to launch a 24-hour business news channel in India, Raghav was a natural partner for them.

In 1993, Raghav launched his own television production company, shortly after the Indian government privatised the industry as part of its push for economic growth. Today, Network 18 is one of India’s biggest media conglomerates, with nearly 35 TV channels, 13 websites, a portfolio of niche magazines, and a movie-production company. Its current market capitalisation is well over a billion dollars. The company has formed successful joint ventures with CNBC, Forbes, A&E Networks, Viacom, and Time Warner, with whom it runs India’s leading English news channel, CNN-IBN. It operates the country’s leading Hindi news channel, IBN7, and is growing in regional markets as well.

Raghav has been felicitated at various national and international forums. In 1994, the World Economic Forum called him a Global Leader of Tomorrow and he won India’s Sanskriti Award for Journalism. Ernst & Young named Raghav the Entrepreneur of the Year for Business Transformation in 2007. And in 2011, he won the All India Management Association’s Media Person of the Year award, as well as the Bombay Management Association’s prize for Entrepreneur of the Year. He was also bestowed an honorary degree from Amity University in Uttar Pradesh.

Raghav’s first book, *Superpower? The Amazing Race Between China’s Hare and India’s Tortoise*, was published by Penguin Allen Lane in 2010, and remained on India’s bestseller list for several weeks.

Raghav’s second non-fiction book *SuperEconomies: America, India, China and the Future of the World*, also published by Penguin, is due for a release in April 2015. The book makes a strong case for how an emerging axis of the major democracies—America’s might combined with India’s potential might—could counteract the rise of China in the coming years. *SuperEconomies* provides an informed discourse for people interested in the geo-economic and geo-political dynamics of the twenty-first century.



Milind Pant has lived and worked in India, South Africa and Thailand. Currently, he is based at Shanghai. Milind is the President & COO of YUM China

Milind Pant

Seven 'Sutras' in the Quest for Global Leadership

In a USD 75 trillion world economy, India with almost 20% of global population has just over 2% contribution. On the other hand China, in the last three decades, has turbo charged growth to become 5X the size of the Indian economy. For all of India's strengths, size, accomplishments, it remains a country that has punched well below it's potential.

It is a mathematical certainty that in the coming decade India will become one of the exciting, fast growing large economies. This article presents seven 'sutras' or threads of thoughts on the ingredients required for India's quest for global leadership:

1. Magnet for global capital, technology

The world is awash with capital. Brazil, Russia, South Africa (of BRICS) are sputtering. Global investment funds are on the lookout for the next growth market. In parallel, global companies are scanning the horizon for a low cost manufacturing alternative to China. Vietnam, Thailand are options but India has a much larger labor pool (& growing). It also has the bonus of a large domestic market, strong foundation in engineering, management talent plus a proven track record in adapting, developing new technology.

As India becomes an easier place to do business; with stable policy, tax and currency, it is destined to become a magnet for global capital, ideas, technology.

2. Achieve global scale

Global leadership requires global scale. In the Fortune 500, among the top 10, there are two American and three Chinese companies. China's ICBC is the largest bank in the world by assets. For India, achieving global scale may require some deft pragmatism. Some of India's largest companies- SBI, ONGC, Coal India, NTPC are state owned and need to be unleashed to build global capabilities, competitiveness and eventually scale.

In addition, India's private sector has the platform of a large domestic market which, coupled with access to global capital and smart overseas acquisitions, has the potential to build world class companies.

3. Build iconic brands

Today, there is no Indian brand in the Interbrand Top 100 global list. Iconic brands are built on the foundation of great products. India has the potential to build big businesses, brands in new sectors like

Digital and the ones with distinct 'Indianness' such as movies, food, fashion. After all, five years back, it was unthinkable for Xiaomi, Huawei, Taobao, WeChat, Haier to embark on a quest to build global Chinese brands.

4. Turbo charged urbanization

China's development in the last three decades has been driven by planned urbanization -- adding 1% of urban population every year. Today, 55% of China's population lives in cities that are connected with high speed bullet trains and highways.

India with its democratic credentials, inclusive society can lead the world with innovation in urban development, management and local government accountability. In China and America, city mayors compete for attracting businesses. Chengdu, a city in western, inland China claims to be the home of 230 Fortune 500 companies. Michael Bloomberg, one of America's most celebrated entrepreneurs, ran NYC for a decade.

5. Nurture world class universities, technology labs

During the Gupta dynasty, some of the world's best institutes of learning were in India. Before WWII, some of the top universities were in Germany. Today, the best ones are predominantly American. Silicon Valley has a symbiotic relationship with the web of universities in and around San Francisco.

None of India's institutes feature in Top 10 or even 100. In order to be a global leader, IISc, IITs and FMS will need to step up to attract global faculty, students, private funds and a culture of restless creativity.

6. Innovate with social entrepreneurship

India cannot aspire to economic greatness with a fourth of India's population below the (USD 1.25 per day) poverty line. On most of the Millennium Development Goal, India remains a laggard. The opportunity is for India to be a world leader in Social entrepreneurship -- innovating new business models in nutrition, sanitation, education, agriculture, banking and more.

7. New model of local accountability

Despite all the above ingredients, India can 'trip' on its journey to economic greatness without fundamentally transforming the micro part of the government bureaucracy -- the one that touches the everyday life of every entrepreneur. The district (akin to Swiss 'canton') is the smallest unit of administration in India. District administration must be accountable to all entrepreneurs (in fact, all citizens) to provide timely licensing, inspections, efficient services, utilities, maintenance of infrastructure -- all with digital enabled transparency, accountability.

In modern times, China has had the fastest per capita GDP growth of 30X in the last 30 years! Now the stars are aligned for India's marathon to economic greatness with disciplined planning, pragmatism and flawless execution of the seven 'sutras'.





Dr. Mohan Kumar

H.E. Dr. Mohan Kumar is a ranking diplomat of the Indian Foreign Service with experience of over 33 years in a variety of interesting and challenging assignments.

Soon after joining the prestigious Indian Foreign Service in 1981, he served as Third Secretary in the Permanent Mission of India in Geneva until 1984 where apart from learning the French language, he familiarized himself with work at the UN. Between 1984 and 1990, he served as Second Secretary and First Secretary in the Indian diplomatic Missions in Morocco and Congo respectively. Both were francophone countries and he was charged with political and commercial relations between India and these countries.

Between 1990 and 1992, he served at the Ministry of External Affairs in New Delhi as the Desk Officer for India's bilateral relations with Bangladesh, Sri Lanka and Maldives.

India's Roadmap to Global Leadership : An International Perspective

Allow me to begin on a personal note. In 1981, when I joined the Indian Foreign Service and was posted to Geneva as a negotiator at the UN, Indian diplomats had to “shout” to be “heard”. Three decades later, I am proud to say that Indian diplomats are not only heard with respect when they speak but are actually the most sought after!

It is crucial to understand what brought about this change. To me, the simple explanation is that India's global reputation and prestige has evolved directly in proportion to its economic growth and development over the last three decades. Therein lies an important lesson. The basic mantra for India's roadmap to global leadership is : economic strength backed by social cohesion.

In 1992, when I was India's negotiator at the Uruguay Round of Trade negotiations in Geneva, India's share of global trade was below one percent, less than that of Nigeria. If despite this, we enjoyed some negotiating clout it was due to the ability of our diplomats and due to the massive potential of the Indian market. The landmark economic reforms undertaken by us in 1991 gradually gave Indian diplomats some negotiating leeway and indeed went a long way in India accepting the results of the Uruguay Round Trade Negotiations.

If India is to exercise global leadership, then its economy has not only to grow at a fast clip but it also has to remain very open to foreign direct investment and crucially, to the latest technology transfer. To some extent, the one depends on the other. The role of the Indian private sector in this is vital. Traditionally, the Indian private sector has argued against state monopolies but has not unconditionally favoured opening up our economy to foreign firms and investment. This has changed in recent times, but in my view the change has neither been fast nor is it irreversible. There are still voices in our industry which argue against foreign firms and investment, even when it is desirable for the Indian consumer and the economy.

Three things are therefore imperative and the Indian Industry has an important role to play in this. One, the need to make our economy globally competitive which can happen only if there is competition from abroad with the latest technology and business practices. Two, the need for economic growth to be “inclusive”. In this regard, the last general elections in May was perhaps the first time in history that Indians “cast their vote rather than vote their caste”!! Development was such an important theme in the last elections that the whole world sat up and took notice of “Sab Ka Saath, Sab Ka Vikaas”. Lastly, we must continue to be the hub for global innovation, be it IT or pharma.

One final point. Regardless of high growth, latest technology transfer and a globally competitive economy, India still needs to maintain strong internal, social cohesion. Our Constitution provides in great detail how this can be achieved. All we have to do is to follow the Indian Constitution in both letter and spirit at all times and especially when in doubt.

India's global leadership will be decided in the coming period whether it is climate change negotiations, WTO negotiations or indeed at the Conference on Disarmament. In all these multilateral fora, India's leadership will be determined by adhering to principles, ethics and national interest. But global leadership is ultimately dependent on negotiating clout and that comes with economic strength, social cohesion and strong political leadership. I am convinced that we have all these three in abundance today.

India, with a myriad religions, ethnicities and languages is both a puzzle and a marvel to outsiders. As Indians, we can be legitimately proud of the political and economic strides made by our great nation. But the journey has just begun. And there are miles to go before we can rest.





Dr. Simrit Kaur

Dr. Simrit Kaur is a Professor of Public Policy at the Faculty of Management Studies, University of Delhi, India, where she has been teaching 'The Economic Theory of a Firm', 'Macro Economics' and 'Public Policy Reforms' for over two decades. Nominated by the Indian Council of Cultural Relations, Dr. Kaur has been a 'Visiting Professor' at the University of Social Sciences and Humanities, Ho Chi Minh City, Vietnam and a 'Visiting Scholar' at Kingston University, London. Dr. Kaur has undertaken several research projects and acted as an advisor to organizations such as the Ministry of Finance, Government of India; the Ministry of Heavy Industries and Public Enterprises, Government of India; the National Council of Applied Economic Research (NCAER), the Organization for Economic Cooperation and Development (OECD), International Fund for Agricultural Development (IFAD) and the Food and Agriculture Organization (FAO) of the United Nations. Her areas of interest include economic freedom, privatization, competition and productivity; agricultural policy; poverty and food security.

India's Economy: Turbocharging a Take-off

Amongst the five large emerging economies, India is the only economy for which the International Monetary Fund did not downgrade its GDP growth targets while providing an update on the World Economic Outlook. Amongst the BRICS nations, Brazil is mired in stagflation; Russia in recession; China in slow-down; and South Africa in structural impediments including inefficiency and corruption. India fortunately is in a cyclical recovery phase. However, the real challenge is in realizing sustainable boom to become a global leader.

India's macroeconomic fundamentals have improved not just as reflected in cross-country comparisons, but also temporally. Since 2013, inflation has declined to manageable and acceptable levels; the current account deficit too has shriveled; road map to fiscal consolidation has been laid; and foreign portfolio inflows have stabilized the rupee. Resultantly, India's overall macro-vulnerability index (MVI) that combines a country's fiscal deficit, current account deficit, and inflation reduced from 22.4 in 2012 to below 15 in fiscal year 2015. While India is still more vulnerable than the mean of countries in its investor rating category (BBB), it is less so than many of its larger emerging market peers. Supplementing MVI with a Rational Investor Ratings Index (RIRI), India ranks amongst the most attractive investment destinations. Amongst BRICS only China ranks above India. The reality and prospect of high and rising growth, combined with macroeconomic stability, is the promise of India going forward.

However formidable challenges exist. Basic infrastructure (roads, railways, ports and power) remains poor; World Bank continues to rank India dismally low, at 142nd out of 189, on ease of doing business; employment elasticity has weakened due to technological advancement; poverty is widespread, and eradicating hunger remains a challenge. While several steps to throw off the shackles of bureaucracy and protectionism were initiated in 1991, and continued since then, still bolder moves are needed. Organized manufacturing needs to be given a boost. India's labor regulations are among the most restrictive and complex in the world. With a focus on 'Make in India', labour law reforms have to gather momentum. Bridging the country's massive infrastructure deficit is the need of the hour. Reaping the population dividend requires skill development on a massive scale. Education outcomes also need to be improved. As per the ASER (2014) report, basic reading continues to be disheartening as only 50% of Class V students are able to read a Class II textbook; even in class VIII 25% of the students are unable to read Class II textbook.

With respect to subsidies issues of targeting, corruption and leakages remain rampant. For instance, PDS leakages remain large across states. Leakages are significantly larger for wheat (54 percent) than for rice (15 percent). The fiscal cost of these leakages is also large, about INR 18,000 crores for the two food grains. Direct cash transfers, if targeted well, can help the poor and also augment the effectiveness of anti-poverty programs. Use of the JAM Number Trinity (Jan Dhan Yojana, Aadhaar and Mobile numbers) is a step in the right direction as it offers support to poor households in a targeted and less distortive manner.

Fuelled by economic reforms, India is projected to become the world`s fastest growing large economy by 2017, overtaking China as per the World Bank`s Global Economic Prospects Report (2015). Any slackening in the reform momentum could spell disaster in the roadmap for sustainable development and India becoming a global leader. Hopefully, this slowdown will not happen. After all, it is not without reason that IMF refers to India as a ‘Bright Spot’ in the global landscape.



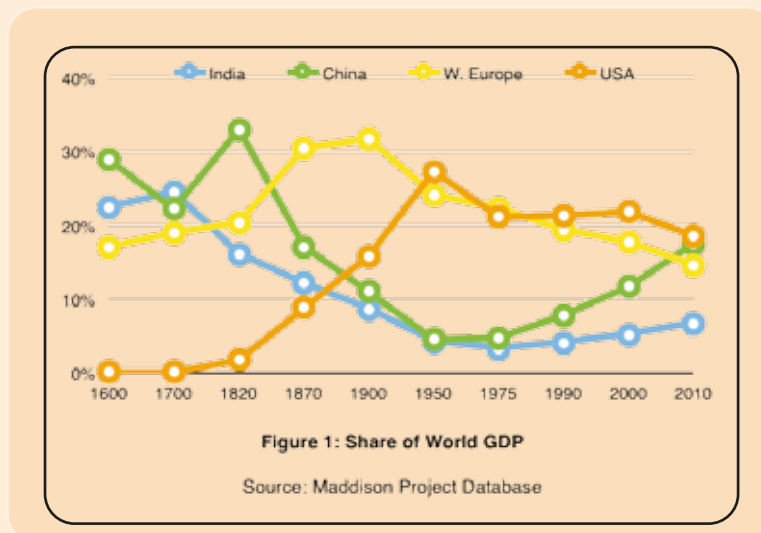


Mr. Sridhar Narayanan

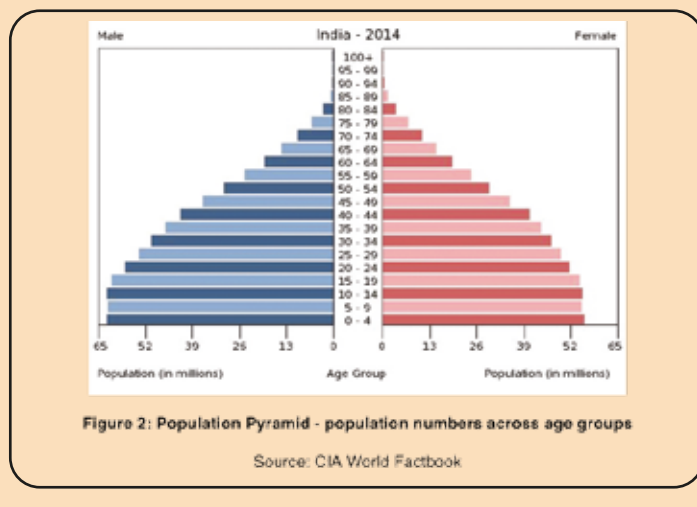
Sridhar Narayanan is an Associate Professor of Marketing at the Graduate School of Business at Stanford University. He obtained his PhD from the University of Chicago, an MBA from the Faculty of Management Studies, Delhi and his Bachelors degree in Electrical Engineering from Delhi College of Engineering. His research interests primarily lie in the quantitative study of consumer behavior, and he has studied domains such as online advertising, pharmaceutical marketing and social influences in product adoption behavior. He has taught MBA-level courses on Marketing Strategy, Marketing Analytics and Green Marketing, besides advanced PhD-level courses on quantitative methods in Marketing and in Executive Education programs in the US, Africa and India. He lives in Palo Alto, California with his wife and two young daughters.

India's Roadmap to Global Growth: Challenges and Imperatives

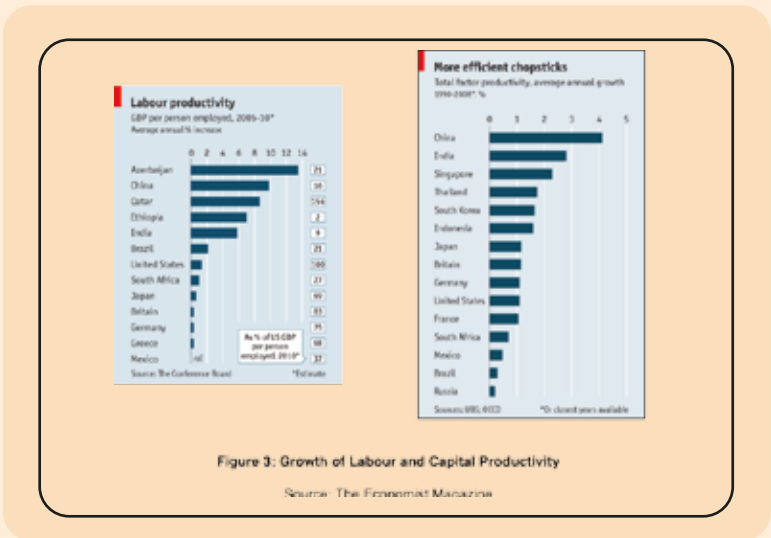
After over two and a half centuries in which India's contribution to the World's GDP saw a precipitous decline, India is poised on the verge of reclaiming its place as one of the leaders of the world. Since the liberalization of the country's economy in the 1980s, and its acceleration since the early 1990s, the potential of India has been recognized and has been much talked about. The slide has been arrested, and India's share of World GDP has steadily and continuously increased for about 25 years now. Yet, while China, with just under 20% of the World's population now accounts for about 17.5% of its GDP, India accounts for only about 7% of the World's GDP with about 18% of its population. Is the Indian economy poised to be a leader of the world? What are the opportunities and what are the potential pitfalls along this path?



The first reason to be optimistic about India's prospects is demographic. Close to half of India's population is in the productive age group, with the aged accounting for less than 6% of the country's population. 18% of the population is on the verge of entering the productive age range of 25 years and above. It is generally recognized that a young population, productively employed, can propel dramatic increase in output of a country. The United States benefited from its baby boom, and China dramatically lifted almost its entire population out of poverty starting in the 1980s, benefiting from its own demographic dividend. But in order to make the best of this demographic bonanza that India currently has, it needs to employ this young and aspirational population productively.



This brings us to the first challenge facing India if it is to generate sustained growth over the next few decades. This is of ensuring that there is a healthy, skilled population that can be productively employed. Despite some impressive strides in the recent front on ensuring a literate population, there are some significant gaps on this front. Through programs such as the Sarva Shiksha Abhiyaan and the mid-day meal scheme, the country has ensured that most of its children attend primary school. There has been an increased emphasis in many states to ensure that girls go through primary education as well. However, there are significant gaps in educational attainment, particularly after the primary stage. Besides that fact that a large number of children drop out after the primary stage, there is a significant increase in the gender gap in the post-primary stage, with more girls dropping out of school than boys. The focus of literacy programs thus needs to shift beyond primary enrollment towards ensuring that all our children stay in school until the age of 14. Beyond enrollment, the big challenge that India has to overcome in the coming few years is to upgrade the quality of its educational system.



An important factor in ensuring that the country experiences sustained growth over the next few decades is to increase the productivity of its economy. The Chinese economy saw rapid growth in the initial few years after its liberalization starting in the late 1970s through a dramatic improvement in productivity. While India has seen impressive increases in productivity of labour and capital in the years since its own economy was liberalized in the early 1990s, there is tremendous scope for improvement on this front. The growth in productivity of India's labour and capital remain at about a half to two-thirds that of China, despite starting from a lower base. A variety of factors account for this difference, including the different levels of educational attainment and skill distribution in the two countries, and the infrastructure and governance deficits that the Indian economy faces. Addressing

these deficits is necessary for generating the increases in productivity that will generate rapid and sustained growth in India's economy.

A third challenge, but also an opportunity facing India is that of managing growth along with the environment. Environmental issues are already very visible in the big cities of India, and they impose significant costs on the growth of the economy through their effects on the health of the population. The effects include premature mortality, as well as lost man-hours due to sickness. A recent World Bank study, for instance estimated the direct and indirect costs of pollution to be about 6% of its GDP every year. Human history has shown that a rapidly growing economy will involve industrialization and urbanization. Providing for shelter, clean air and water and energy for this population will pose significant challenges for the growing Indian economy. However, this also provides an opportunity for India, provided it invests in developing technologies and practices in this area. The issues that India on this front are not unique to the country. The solutions developed in India will find markets not just in India, but also around the world.

This list of the challenges and opportunities faced by India in its quest for growth is not meant to be exhaustive. However, these important issues have one point in common. Addressing these challenges require investment in human capital, particularly in managerial capital. An institution such as the Faculty of Management Studies has in its illustrious history taken a leadership role in this regard, with its unique focus on education of business professionals as well as professionals in areas as public services management and health care administration. By tailoring its programs towards the imperatives of the future, FMS can continue to play a stellar role in taking India towards its destined path of global leadership.



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