

PUTTING INDIA CENTRE STAGE  
IN THE NEW WORLD ORDER

**ananta**  
centre

A N N U A L R E P O R T





*A*n independent and not-for-profit organization, Ananta Centre is registered under the Indian Trust Act. It focuses on leadership development and encourages frank and open dialogue on the most important challenges facing society at large and to foster the transformation of Indian society. It also engages the civil society, inclusive of business, NGOs, Governments and other stake-holders on issues of importance to India's development and national security. Ananta Centre holds discussions on key foreign policy issues as well as security matters and strategic affairs pertaining to India through regular public sessions and round tables. ✂

## Putting India Centrestage in the

**T**HE GLOBAL POLITICAL ENVIRONMENT HAS BEEN witnessing turbulence, owing to unprecedented changes in various sectors of the economy. Over the past two decades, the pyramid structure of industries has been replaced with a "world-wide spider's web". However, the increasing inter-dependence of nations has given rise to new opportunities vis-a-vis business and political spheres.

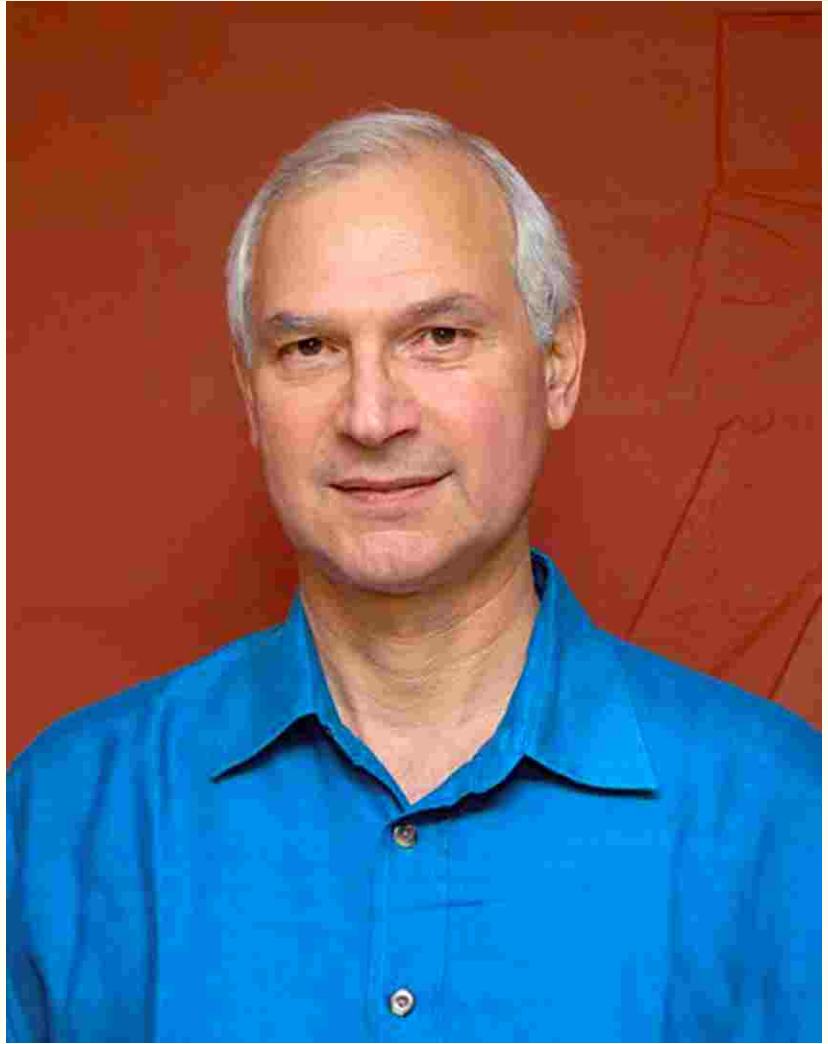
There is a change in the old political paradigms, and creation of new power blocs. Due to this, the world is witnessing rapidly changing ideologies, strategic assertion of power by developed nations, and social upheavals. The threat of terrorism from fundamentalist groups persists and there is a growing acknowledgment of the need to mitigate climate change by the innovative use of alternative sources of energy.

In this prevailing global churning of socio-political development and foreign policy, India stands to acquire a position of significance and increasing importance in the world. Fuelled by new entrepreneurial ideas and a billion aspirations, the country is evolving as a powerful geopolitical leader, and also a major force shaping global trends.

Complementing the social transformation of society, the Ananta Centre seeks to ignite thoughts, ideate a vision, create a roadmap for action, and enable public participation for the development of Indian Society. Besides promoting leadership and convening open-



## New World Order



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*dialogues on public policy matters, the Centre for the calendar year 2014-2015 is determined to develop solutions for the problems pertaining to women in society as well as challenges of governance.*

*I am delighted to witness the impact that the Ananta Centre has pioneered in its short journey as displayed at The Growth Net 2014. It is my sincere belief that through such initiatives, India can emerge stronger and better.*

**JAMSHYD GODREJ**

## INTRODUCTION

Since its inception in 2013, The Growth Net has emerged as a flagship event for the discourse on economy and development. Building on the strides made since the inaugural meeting, The 2nd edition of 'The Growth Net' was co-convened by Ananta Centre and Smadja & Smadja Strategic Advisory in New Delhi from March 23-25, 2014. Themed "Reviving Growth: Reversing the Tide," the three-day meeting featured more than 100 speakers and nearly 300 representatives from over 25 countries, including policy makers, heads of institutions, academics and corporate members. The key issues raised in the meeting included energy and water

challenges; common global priorities; innovations and new technologies; education and healthcare; and foreign investment opportunities.

A central novelty at The Growth Net this year were highly-focused thematic tracks on issues such as the global water crisis, trade facilitation, healthcare, agribusiness and education.

One of the key take-aways from the discussions between participants was that the economic fundamentals for sustainable high growth are in place in most countries. These fundamentals are stronger than ever before, despite the economic slowdown. Discussants concurred on the need to address



common challenges in areas such as leadership, skills development, good governance and technological integration.

The Summit brought about a consensus on boosting cooperation among emerging economies in the realm of infrastructure development, capacity building and technology. Concluding the meeting, thought leaders from Africa, Latin America, Asia and Europe unanimously shared their optimism on the growth potential in the developing markets despite the slowdown.

Among the international luminaries who led the discussions at the meeting were Stanley M Bergman,

Chairman of the Board and CEO, Henry Schein Inc. (US); Bundit Limschoon, Secretary General, Asia Cooperation Dialogue (Thailand); Ronnie Chan, Chairman, Hang Lung Properties (Hong Kong); Herbert Oberhaensli, Vice President-Economic and International Relations, Nestle (Switzerland); Dilma Pema, President and Director General, SABESP (Brazil); Joseph Klafter, President, Tel Aviv University (Israel) and Jorge Lopez Morton, Executive Director, Mexican Business Council for Foreign Trade (Mexico).

Montek Singh Ahluwalia, Deputy Chairman of India's Planning Commission; Shivshankar Menon, India's National Security Advisor; Sam Pitroda, Advisor to the Indian Prime Minister of Public Information Infrastructure and Innovations; Suresh Prabhu, Former Minister of Industry, Environment and Forests and Power; Naina Lal Kidwai, Country Head-India and Director, HSBC Asia-Pacific; Gautam Thapar, Founder and Chairman, Avantha Group and R C Bhargava, Chairman, Maruti Suzuki also addressed key sessions at The Growth Net 2014. ❧



CO-CHAIRS FOR THE GROWTH NET 2014

**REVIVING GROWTH:  
REVERSING THE TIDE—the  
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DELEGATES AT THE GROWTH NET 2014

## REVIVING GROWTH

There are no emerging markets crises, but just a slowdown. What we need actually are stronger economies, stronger foreign exchange and stronger domestic development to reverse this trend of slowdown. The growth in emerging markets will be higher than developing countries in coming years.

These were some of the issues raised during the discussion led by Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission. According to studies conducted over the last five years, the average growth in advanced economies is pegged at around 3% to 4%. On the other hand,

the average growth in the developing Asian nations and emerging markets is around 6.5% and 5% respectively. Hence, there will be more instability in the global markets in coming years. The economies must expect it because of changing policies of the Federal Reserve. Therefore, a need arises to gain acceleration from both monetary and fiscal managers. The macro managers and corporate managers need to be prepared for the financial market difficulties in coming years, Dr. Ahluwalia asserted.

Energy supply is one of India's biggest constraints. India is battling high costs, and is hugely import dependent for energy resources. Dr.





*We need stronger markets, stronger foreign exchange and stronger domestic development to reverse the economic slowdown. Since exports are stagnant, domestic demands have to be stronger. Instead of looking at the foreign resources, emerging markets need to accelerate and deepen their financial markets.*

— CLAUDE SMADJA



Ahluwalia recommended a close examination of energy pricing, because India cannot achieve high growth rate with cheap energy. Issues of energy efficiency, transportation, infrastructure, and water security—the other key areas that require greater attention from governments—were also raised in the session. ☘

*Economic slowdown is evident in India. However, the current growth rate is an aberration. India's current savings rate is 30 percent, which is quite good. A sustainable path for India is to have an economic growth rate of 7-8 percent for the next 20 years. A ten percent growth rate path is unrealistic.*

— MONTEK SINGH AHLUWALIA

# Off the Cuff...



## MR. TARUN DAS

Founding Trustee,  
Ananta Centre

### TRANSFORMING INDIA'S DELIVERY SYSTEM...

"Everybody by and large knows what needs to be done in India, but they don't seem to know how to do it. So, I want to see a good team in the Prime Minister's Office, because that is the nerve centre of everything—policymaking and implementation. That will transform the delivery system of the Government."

### SMALL-SCALE ENTREPRENEURS: "LET THEM FREE"...

"I hope the new government would decide one thing for three years: no inspector shall visit any small industry. We will go from a policy of mistrust to a policy of trust. You will get growth. You will get production. You will get people energised. Instead of filling forms they will be making products. I don't think finance is the problem if you can just allow the small and medium enterprises to function freely. Finance is available in the country."

### GROWTH NET: CONNECTING GLOBAL BUSINESSES...

"The intention behind The Growth Net series is to create new business linkages among emerging economies, while providing a platform for decision-makers to share insights on the prevailing global trends. Through the meeting, we strive to generate specific actionable outcomes with multi-stakeholder consensus. It is not merely a platform for dialogue, but a forum for action." ❀

### INDIAN GOVERNMENT'S ROLE...

In the US, the government plays a more limited role in national security, defense, law-and-order, national critical infrastructure and developing regulatory infrastructure for the private sector to flourish. In India, the government does all that plus more. Since India's economic liberalization, we've seen the role of government in India shrinking, and a rise in its regulatory functions can be seen. Indian government is playing a strong role in foreign policy. The critical role a government plays in conducting its foreign affairs in no way diminishes its priorities domestically.

### US-INDIA COOPERATION....

The US and Indian government have worked together on some pretty creative initiatives over the last several years on empowering citizens. The two sides have set up a joint green energy initiative. One of the initiatives to advance clean energy is the joint Clean Energy Research & Development Center. Both the governments committed \$25 million dollars as sort of challenge grant for research proposals on clean energy. ❀

## ALYSSA AYRES

Senior Fellow for India, Pakistan &  
South Asia Council on Foreign Relations



### OPTIMISTIC ABOUT INDIA...

Growth rate has dropped a little in India, but it is not comparable with the developed countries. I mean, developed countries can see 2% or 2.5%. But when we talk about a drop in India's growth rate, it can be from 8% to 5%—which is still a good rate, compared to other countries.

### INVESTING IN AIRPORTS...

"We see lots of different opportunities. India is a very large country, so we are looking at going to other cities through the bidding process and through some of the acquiring companies, to find out, if there is an option to get some license for small airports. There are also some cargo business opportunities that might come up. There could be full cargo airports in the future, and we would be interested to deal with these type of airport investments. ☘

## CANAN CELEBIOGLU

CEO, Celebi Aviation Holding,  
Turkey



## RONNIE CHAN

Chairman,  
Hang Lung Properties Ltd.,  
Hong Kong SAR

### CHINA'S ECONOMIC SLOWDOWN....

"The economy is obviously slowing down for many reasons. Real estate accounts for almost 15%-20% of the Chinese economy. When real estate prices come down, so does consumption because negative effect kicks in. However, the domestic consumption will still grow at something like 13% per year, so that is still fine."

### EXPLAINING CHINA'S REAL-ESTATE BUBBLE TROUBLE...

"Home is not just a place to stay, but also a place to invest. One can imagine that a lot of wealth generated in China over the last 20-30 years has been going to go into residential real estate. It is hence very difficult for a government to control prices. This has now become a social issue. Young people, who graduate from University, now have no chance of buying their own home for the next 25 years or so, and this obviously worries them.

Government is doing the right thing to manage prices of residential real estate. There is no choice. The best thing is to manage supply but supply takes time. It's a complicated situation but I think overall the government is doing the right thing." ☘

# INDIA'S RIGHT TO GROWTH



*India's diversity is given, unlike China. We cannot ignore social inclusion. India would rather have development and freedom than high GDP and growth. India should not be judged solely by GDP.*

— SAM PITRODA

Hailing the Elections 2014 as "India's most important polls in recent history", Mr. Sam Pitroda, Adviser to the Prime Minister on Public Information Infrastructure and Innovations, led the discussion on Indian growth, and said the basic democratic values, freedom of speech and social inclusion were being challenged. India has to be built

through social inclusion, and not by alienating one group of people. We cannot have growing inequality all the time, Mr. Pitroda emphasised.

"People are ignorant if they think nothing has been done by the government. We have achieved a lot in the last ten years. In 2004, only 10% youth went to schools. Today, we have doubled the number to 20%. Polio has been eradicated. We are working towards democratizing knowledge, since poverty has a lot to do with poverty of information," asserted Mr. Pitroda. ✂

*In the last five years, the average growth in advanced economies has touched 3-4 percent, while developing markets are growing at around 6%.*

*However, there will be more instability in the global markets in coming years. We need to realize the importance of good governance, which has been neglected in India since the last several years.*

— RAKESH MOHAN







PANELISTS FOR THE SESSION ON NEW GROWTH COMPANIES

## NEW GROWTH COMPANIES: GOING GLOBAL

The discussion underscored the urgency to globalize, particularly in India where 22 percent CEOs want to expand abroad. Globalization is clearly not a luxury but a necessity. The right time for a firm to go global is to be determined based on its own internal capacity. The most important factor for a company to go global is to identify its core competence. The next focus should be on the operating framework, and the market relevance.

Participants asserted that one of the biggest

hurdles to emerge in the global market is to acquire the culture and gain the trust of brands.

It was acknowledged that New Growth Companies are imperative to create a better fiscal infrastructure for the developing countries. The need of the hour is to establish transparent procedures to encourage local companies going global. The current documentation procedures are cumbersome. India should concentrate more on updating the ground realities and should come up with a single coordinating body to look into trade facilitation mechanisms. ☘



SHIVSHANKAR MENON & GAUTAM THAPAR

## GLOBAL SECURITY

**A**t present, nations are battling a dynamic security scenario that is complex, volatile and turbulent. On one hand, terrorism, extremism and fundamentalism have fuelled local and regional conflicts, while on the other, climate change and the advent of modern technologies are triggering destabilisation in global economies. Tackling these challenges requires concerted international cooperation

and reshaping existing policies.

Raising these issues, Mr. Shivshankar Menon, India's National Security Adviser, identified non-traditional security threats, such as cyber issues, terrorism and extremism, and internal security as India's top challenges. He stressed that internal security also included gender and personal safety issues.

The discussion focussed on emerging trends in



*It is logical for both India and China to get on the same board to tackle bilateral challenges. The biggest sign of hope at present is that the level of cooperation is much better than it was earlier.*

— SHIVSHANKAR MENON



security. Newer technologies have brought on newer risks for States. Terrorists are increasingly using smartphones for recruitment, for communication and even though with much less success, so far, as a weapon.

In this paradigm, there are three ways of dealing with threats: hedging, which is safe low risk strategy with low gains; surfing, which is riding the waves of change; and shaping the future, which involves

greatest efforts with the highest risks and highest gains. In the Indian context, hedging is no longer safe because we lack capability in shaping our own environment, according to Mr. Menon.

Mr. Menon also pushed for greater collaboration between India and China on strategic and security issues, as both are threatened by regional instability across their peripheries. ☸

# Off the Cuff...



## STANLEY M. BERGMAN

Chairman of the Board  
& Chief Executive Officer,  
Henry Schein, Inc., USA

### A NEW APPROACH TO MEDICINE...

"We need to move from a medical system for the sick to healthcare which involves prevention, including wellness programs and dealing with non-communicable diseases. We should try to stop people from getting sick rather than treat them. We need to have much more activity taking place outside of the hospital than inside it. Doctors should be encouraged to keep people healthy."

### DIGITALISING HEALTHCARE...

"We are very much investing in the area of digitalization of healthcare. For example, with the largest provider of dental products, you can have a scan taken, share it through a computer and in an hour, get a crown or bridge mould right then and there. It's convenient and cost-effective. This is the kind of creative innovations that should take place throughout the world. ☘

### ACHIEVING 8% GROWTH...

"We should avoid getting too worried about constraints. We are still a poor country, so there will be hundreds of constraints. We need to look out for the critical things that are holding back the growth from getting to 5%. I think India is perfectly capable of achieving 7% – 8% growth."

### ACTION ITEMS FOR THE GOVERNMENT....

"GST is the most urgent because frankly it has a huge impact. Improving governance and controlling corruption are also important. These are very genuine feelings around the country that any sensible government should try to respond to."

### TRYST AT THE PLANNING COMMISSION....

"We did the best we could. For me personally, some interesting things came up. In any long-term burst of growth, you're going to have some good years and then it would have bad years. The test on those bad years is have you diagnose what went wrong and are you ready to correct them." ☘

## MONTEK SINGH AHLUWALIA

Deputy Chairman,  
Planning Commission





#### GOVERNMENT AS SOLUTION RECRUITER...

"We've seen a rise in privatization of services all over the world. Today, we have entire economies existing outside of the government, seeking to address societal problems and delivering public services. The role of the government is still important, but it is no longer a solution provider. It is more of a solution recruiter, and should continue to create a conducive environment for these problem solvers to thrive in and accelerate change."

#### DYNAMIC CIVIL SOCIETY?...

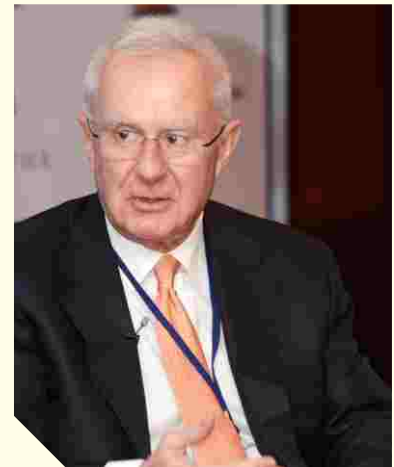
"Earlier, civil society in the form of NGOs were smaller in scale and lacked access to bigger capital compared to both the government as well as the business sector. Now that's changing: we are seeing a new breed of hybrid organizations and social enterprises who have a social mission and making profit at the same time. Think about it, to have a real impact in a country like India, you have to serve hundreds of millions of people at a time- it is essential to have a model that won't just operate in one neighborhood but can operate on many levels."

#### WATER, AN ESSENTIAL NEED...

"Water scarcity is a real problem afflicting all nations. About a billion people around the world lack access to clean water. We have seen a lot of innovation from the private sector and social entrepreneurs in terms of providing clean water to the public. I do think that the government can do a lot to get pricing right to encourage the innovation needed to create equitable water distribution channels." ☘

### BILL EGGARS

Global Director,  
Public Sector Research, Deloitte, U.S.



### CEM DUNA

Chairman, AB Consultancy &  
Investment Services, Turkey

#### BALANCING TIES WITH RUSSIA...

"We are of course seriously concerned with the Ukrainian crisis because Russia is one of our main trade link partners. We have very elaborate economic relations with Russia, and so we would not like to jeopardize those relations. At the same time, we cannot accept the swallowing up of Crimea as well so we have to be balanced in our approach."

#### YOUTH EMPLOYMENT: AN IMPERATIVE...

Young people in Turkey are concerned with the economy because they need jobs. Percentage of those jobless in Turkey is about 9.9% or 10%, but youth unemployment is about 18%. Young people are concerned about their future. ☘

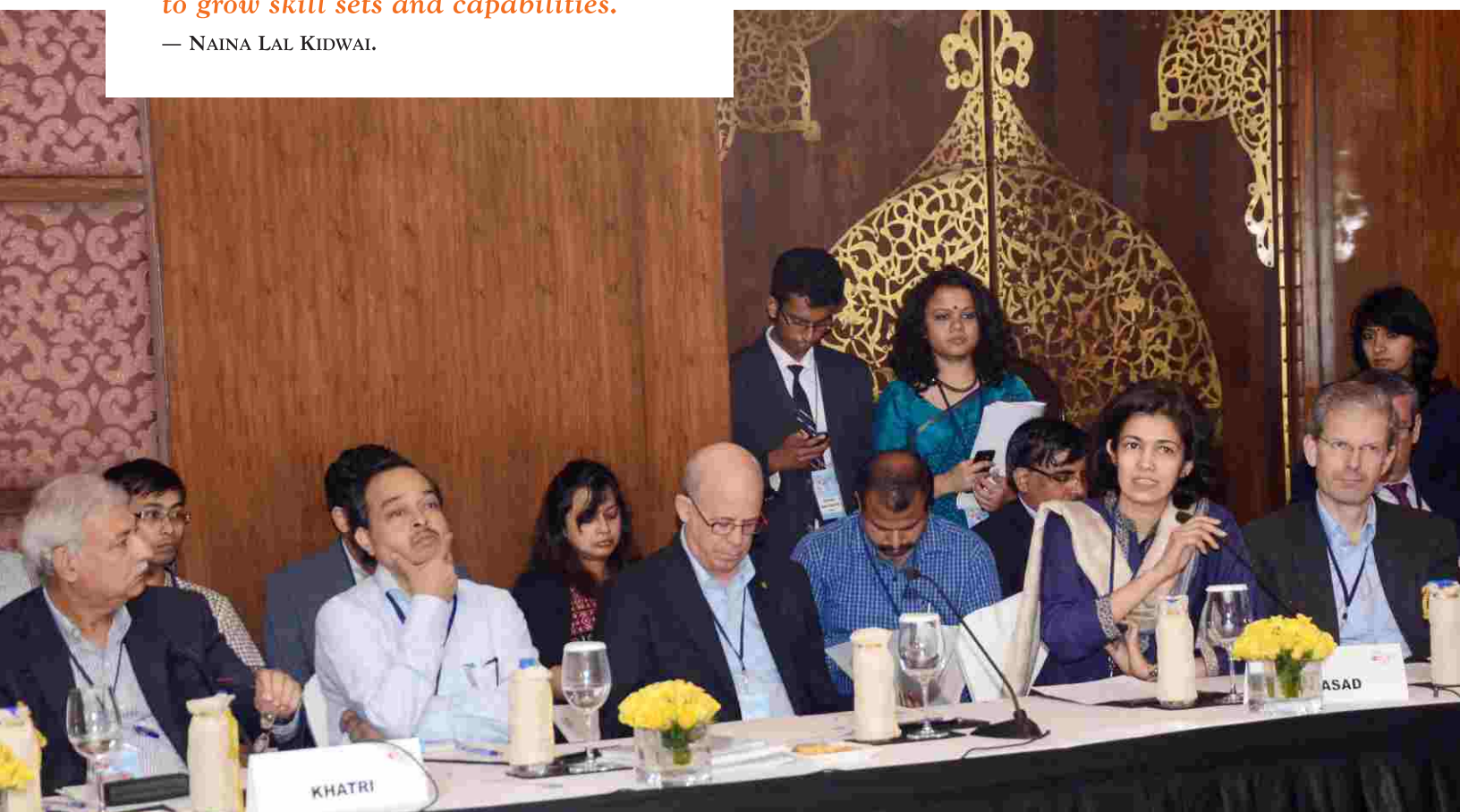
# WATER CHALLENGES



→ *We must implement a self-sufficient water audit system and for this, we need to grow skill sets and capabilities.*

— NAINA LAL KIDWAI.

According to a UN estimate, nearly 1.1 billion people live in poverty worldwide without access to safe drinking water. The alarming depletion of water resources remains a key worry area for most nations at present. Growing water scarcity has negatively affected economic growth patterns, agricultural productivity, sanitation, healthcare and industrial development. Clearly, for the emerging economies, enhancing access to water and improving supply are crucial elements of development and poverty alleviation.



PARTICIPANTS OF THE ROUNDTABLE ON WATER CHALLENGES



*In the coming years, water challenges in developing countries will be more severe. It is hence important to look at local solutions at the micro level. Controlling population is important, as we have limited water and unlimited demands. Measures like soil mapping and locating water catchments are imperative to meet this impending crisis.*

— SURESH PRABHU

*Through various means, polluted water, especially one that carries heavy metals, is getting into our food chain, that is, vegetables and grains. Especially, in the footprint area of Delhi and its NCR region, it is coming back to our homes and affecting our power to think and to act. These toxins, over a period of time, affect intelligence and lead to a fall in production and hence the GDP.*

— RAVI SINGH



*I suggest that India as a powerful nation should put more focus to invest in devising new water recycling technologies rather than just giving subsidies.*

— NADIR GODREJ

Highlighting these issues, panelists urged industry to look at ways in which they emit water out of their factories rather than the intake. It was agreed that human intervention and symbolic actions needed to be encouraged along with cost effective means to conserve water resources. Water crisis is the fourth biggest challenge that the corporate sector fears worldwide, thereby affecting growth. Even though the MNCs follow global standards, the change will not happen till we encourage Indian firms, big or small to make sure that they do a water audit.

The broader recommendations included the need to control population, releasing some water from agriculture to other sectors and changing the perception of people wanting a right to free and abundant water. ☘



# TRADE FACILITATION

Trade Facilitation is important and associated with the global value chain, but India ranks low in this domain. Excessive documentation, inefficient border crossing procedures, scarce use of IT, lack of transparency and coordination are crucial setbacks to trade facilitation. A country should have a "strong dispute resolution system" that will signify high political commitment. For India, the challenge is that faster clearance of goods does not rely on the government but also on the private sector to a large extent.

At the discussion, participants asserted that trade facilitation is about democracy. Too many endorsements, signatures, lack of trust, different government agencies etc. are the main challenges to the whole discourse.

The discussion put forth recommendations that included the need for domestic demands to be stronger as the exports remain stagnant. Credit structure needs to be enhanced and leveraged. Instead of looking at the foreign financial resources, emerging markets need to accelerate and deepen their financial market. Efficiency of reforms will increase efficiency, productivity and profitability in public and private sectors. ❧

*The consensus on trade facilitation at the WTO meet in Bali is reasonably concrete, but work remains to be done, especially by developing countries in the field of infrastructure building and harmonizing their domestic policies with international agreements to facilitate trade.*

— CARLOS BRAGA



*High degree of flexibility in terms of economic policies is required to facilitate trade considering the fact that brings in more revenue.*

— SHASHANK PRIYA



*Trade facilitation is not only about expanding trade but also about creating an environment conducive to investments. Efficient customs and regulatory processes coupled with higher FDI flows can trigger the growth of international trade.*

— ANWARUL HODA





DELEGATES AT THE GROWTH NET

## RISK MANAGEMENT

The discussion revolved around the economic and political developments in new growth countries. These developments have highlighted the need for an even more holistic approach to manage risks involved. Countries where social and political conditions may be subject to abrupt changes, legal and regulatory frameworks are essential and poor infrastructure adds to operational risks.

New compliance pressures created by the aggressive enforcement of the Foreign Corrupt Practices Act in the U.S. or the Anti Bribery Act in the UK are forcing cooperations to assess even more

deeply how business practices in one country could create new risks and impact negatively on their business worldwide.

Discussants argued that the world currently faces microrisks due to globalization, especially political risks and immigration risks. Other risks include corporate governance risk and the risk of capital flow, besides measurement and management risks. The solution does not lay on data but by having a 360 degree perspective on trends and by training people. A new aspect of risk is reputational risk, created by companies and NGOs using networking sites. ☘

# Off the Cuff...



## RAKESH MOHAN

Executive Director,  
International Monetary Fund, U.S.

### ECONOMIC LANDSCAPE IN INDIA:

#### KEY CHALLENGES...

"The challenges are macro-economic stabilization and structural issues. It is absolutely necessary that we bring down inflation in the country. From around 1996-97 to around 2007-08, we succeeded in maintaining average inflation at around 4.5-5%. Interest rates could be lowered only if inflation is brought down to 4.5-5%."

#### MANAGING FISCAL DEFICIT: AN IMPERATIVE...

"Capital expenditures have gone down. You can't strengthen infrastructure without higher public capital expenditure along with public private partnership. We must tackle inflation and get fiscal deficit in order." ❧

### TACKLING A PERIOD OF HIGH VOLATILITY...

"Turn back to the real-life. Don't take imaging as the most important factor when running your business. Look at strategy management abilities, and don't invest too much in financial structure. Don't follow profiles, don't follow criticisms. Look at the merits of every specific deal."

### ADVICE FOR BANKS....

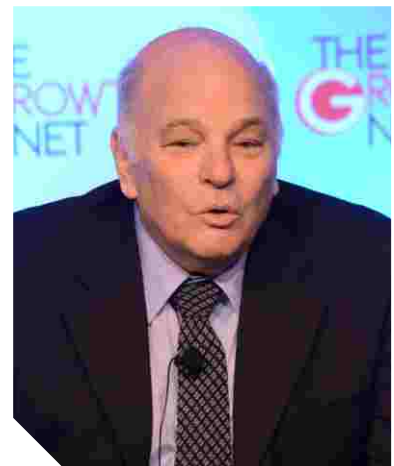
"Every Central bank should be clear to support any bank that it's under control. People should not feel that they are going to lose any money if they put it in a bank."

### POLITICAL RESPONSE TO DEVELOPMENT....

"At the political level, the response to every development is for the short-term. Long term measures are needed for stability." ❧

## AHARON FOGEL

Chairman, IDB  
Development Corporation, Israel



### FOCUS ON INFRASTRUCTURE...

*"One of the most important aspects for growth going forward is going to be infrastructure. That in itself would bring back that 1% to the GDP of the country."*

### GOVERNMENT CONTROL ON BANKS...

*Although I have no doubt that government can and will give the capital to these banks as and when needed, it only begs the question as to why we need to have 75% of the banking sector in the hands of the government. We need to simultaneously look at the financial sector as a whole so that the demands for infrastructure projects—which India so badly needs—are met and not just through the banking sector." ❀*

## NAINA LAL KIDWAI

Country Head, HSBC India &  
Director HSBC Asia-Pacific



## BUNDIT LIMSCOON

Secretary General,  
Asia Cooperation Dialogue (ACD),  
Kuwait

### LOOKING BEYOND ASEAN....

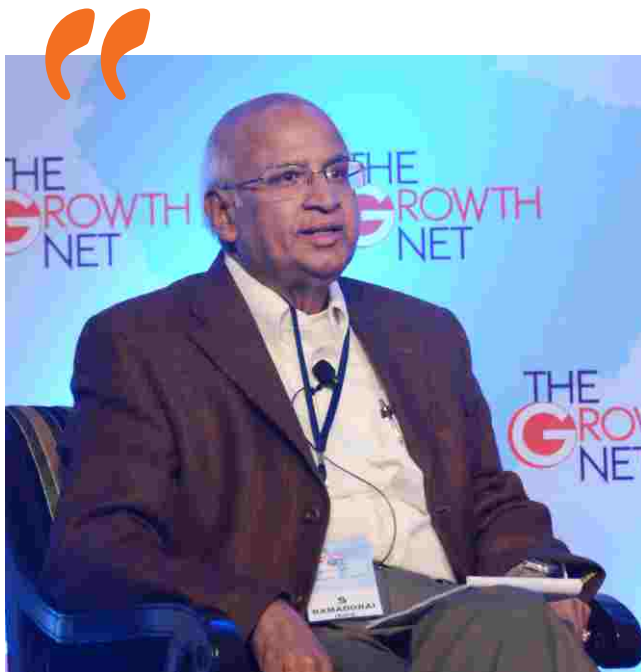
*"For a long while, we overlooked Asia and depended much on the West. That is why, when the problem hit west, we suffered the most. Now, we are trying to look beyond what is happening in ASEAN. We're sure that if we can mobilize the core competency of each sub regional economy, it's going to make Asia stronger and more independent."*

### SYNERGISING THE FUTURE....

*"East Asia has investment and innovation, what they call intellectual capital. Here in South Asia, you have abundant human capital. In Gulf region, you have a lot of financial capital. We aim to combine these elements together and use their competencies in the best way. We are trying to make all sub-regional organizations, from SAARC to ASEAN, work together. Synergy is the most important for us." ❀*



(L-R) TAN TAI YONG, NAMO DE MELLO, JOSEPH KLAFTER, MAURO DE SALLES AGUIAR, ASHISH BHATT, S. RAMADORAI & MICHAEL YEOH



*The way forward is to bring about vocationalization of the education system.*

— S. RAMADORAI

## EDUCATION

Education is a major development goal for emerging economies. In most countries, public education systems find themselves unable to keep up with rising demand and expectations, despite large investments. However, private schools and universities are stepping in to fill this gap, providing good education, contributing to developing the much-needed skills and leveraging attractive business opportunities.





*For India to grow, it is a must that the real India should be educated. Aspire to Achieve should be our motto. With this, enhancing the role of women in this sector can spur the process at various levels.*

— ASHISH BHATT ◀



*There are similar problems that India and Brazil face when it comes to education. The major challenges that we face today are reversing brain drain and encouraging students to take up science and technology.*

— JOSEPH KLAFTER



Acknowledging the need to make education an international priority, panelists from UK, Brazil, Israel, India and Singapore discussed ways for private and public sectors to complement each other for building an optimal educational system.

One of the key areas of discussion was enhancing quality in public and private sector education while maintaining profitability. The Indian case was highlighted in this context. There has been significant progress in primary education in India, especially in reducing the number of out of school children. ☘

## CHINA'S RISE

China's first onshore default has ignited debate over the increasing number of Chinese companies whose debt has doubled their equity in recent years. There are growing concerns among investors and policymakers with regard to the huge size of shadow banking and the slowdown in overall economic activity. Despite the high GDP growth, the per capita income is roughly just 1/3rd of Israel due to population explosion. The Chinese economy is very complex, but the country is taking a pragmatic stand which is surprising. Integrating technology with employment is a political dilemma prevailing in every country, including China.

Reflecting on these issues, a panel of experts discussed the prevailing economic situation in China, and the ability of the Chinese leadership to facilitate the shift towards a different economic model without affecting sustainable growth.



*The problem of shadow banking has been efficiently handled in the past, despite the dearth of resources in China. Contrary to what many countries feel, China is not a free market economy.*

— RONNIE CHAN

The latest statistics suggest that the service sector growth in China last year out-rated the manufacturing sector. Underscoring this trend, discussants concurred that China's main focus at present should be on creating jobs in the tertiary service sector. ☘



*Chinese GDP will be around 7.5 percent this year, which will be good for the economy. However, true development cannot be merely single-minded GDP growth.*

— JIANYE WANG



*There is a need to make the political-economic system efficient and flexible. China can handle the practice of shadow banking but the real danger lies in informal banking.*

— CHRISTER LJUNGWALL

# AFRICA

A number of African countries have now firmly put themselves on the global growth map. According to the IMF, Sub-Saharan Africa's growth was about 5% in 2013 and is expected to reach 5.7% in 2014, with even 8% and 8.7% respectively for Ghana and countries like Angola, Cote d'Ivoire, and Tanzania. Exports, investment and rising consumer demands from the fast growing middle class are driving factors behind these higher growth rates. However, weak institutions and regulatory frameworks, political issues, corruption and lagging infrastructure continue to harm growth prospects.

Emphasizing on Africa's potential, participants identified the key factors driving African growth today: the emergence of a middle class; dynamic

domestic growth; improved governance; proactive interest groups; better economic growth management and encouragement to private sector investment. What has been the real opportunity creator is the participation of women in industries; innovation and social enterprise; investment in development of new generation leadership and small-scale farming.

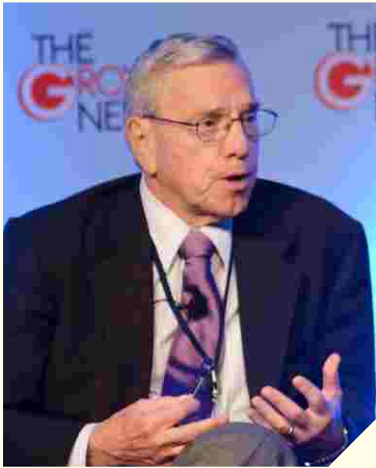
However, the biggest roadblock to the growth in Africa is the lack of investment in infrastructure of rails and roads. Challenges in Africa include ignorance among capital providers and the ignorance of opportunities. It is imperative to find the right investment models for Africa. The need is to look at the model that creates value locally while being receptive to foreign investors. ☘



MUKHISA KITUYI



# Off the Cuff...



## CLYDE PRESTOWITZ

President,  
Economic Strategy Institute, U.S.

### GLOBALISATION: TRIGGERING INEQUALITY?

"What's interesting is that globalization has contributed to international growth across all the major regions of the world. Yet, this growth has gone more towards the people at the high end of the income scale than toward the people at the lower end of the income. That has caused political concerns essentially in all of the major countries and economies."

### "POSITIVE" GLOBALIZATION, "NEGATIVE" EXPECTATIONS...

Many people have risen out of poverty and have joined the global economy and that's the good news. Of course as you become part the global economy then expectations change. One begins to expect more growth and that your children will do better. Due to this, we saw a huge imbalance in the year 2007-2008, which resulted in a crisis that had a very negative impact. ☘

### UNIVERSITIES DRIVE ECONOMIES...

"Universities are the only driving force for the economy and for the growth. This brings students to the University and their choice of what to study is in a way dictated by what they see in the market. So, computer science and electrical engineering are popular subjects. You can even put it under the same umbrella of cyber. Cyber is a hot buzzword today and it attracts a lot of interest from companies."

### EDUCATING ENTREPRENEURS OF TOMORROW...

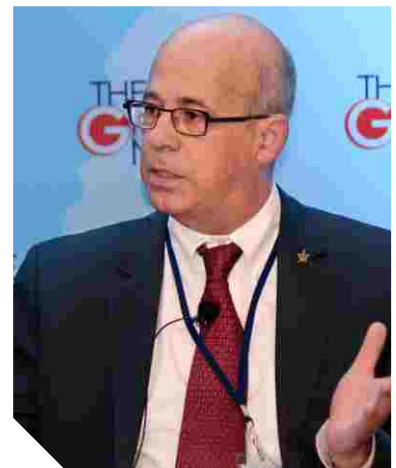
"If you look at the list of Israeli startups, you'll see that many of the founders and thinkers behind them are graduates of the University of Tel Aviv. The whole concept of start-ups in Israel has stemmed from our higher education system."

### STUDYING THE SCIENCES...

"The pitfall is the future that looks a little bit less pink or less bright than what we have today. More students choose the less hard subjects instead of sciences like physics and math in high schools. This is something that we are trying to change by emphasizing on the sciences." ☘

## JOSEPH KLAFTER

President,  
Tel Aviv University





**EMERGENCE OF YOUNG ENTREPRENEURS...**

*"Lots of typically young people are passionate about making a difference, and they want to do it through business. They see problems around them, but for them, each problem is also an opportunity."*

**WHAT WORKS BEST?....**

*"You don't need to go far searching for problems to solve and businesses to build. If you're a kid in Sweden or young person in America, the opportunities you have are different. In India, many human needs are unmet. With frugal business models, innovation and entrepreneurship, these can be addressed."* ☘

**RAVI VENKATESAN**

Former Chairman,  
Microsoft India and Author

**JIANYE WANG**

Former Chief Economist,  
Export-Import Bank of China,  
People's Republic of China

**CHINESE CHECKERS...**

*"Between 2002 and 2011, China's growth averaged 10.6%. In 2012, it slowed down to 7.7%. The indicators now show that the growth will further slowdown. However, even after China's real GDP growth declined, employment continued to expand, which was great. For the government, it's important to continue creating enough jobs for the people. China now needs to reduce barriers to encourage the development of the service sector."*

**MANAGING URBANIZATION...**

*"We are experiencing one of the biggest urbanization in human history. This is welcome because it helps to reduce the income disparity between urban and rural areas. Of course managing migration and the congestion that comes with it is tricky. But investing in infrastructure- subways, interstate trains and mass transit is elemental. Moreover, investment in terms of education and health is also crucial. Migration can be good if managed: it can be a continuous driver for China's growth for quite some time."* ☘



(L-R) MICHAEL YEOH, BUNDIT LIMSCOON, SYAMAL GUPTA &amp; INDRANI BAGCHI

## ASEAN

South East Asia is one of the world's fastest growing regions, and despite some risks and uncertainties, the growth is likely to remain strong in 2014.

Therefore, the common view promoted at the discussion was that New Delhi should clearly articulate its position vis-a-vis ASEAN's growth and share its vision with regard to the scheduled implementation of the ASEAN Economic Community by 2015.

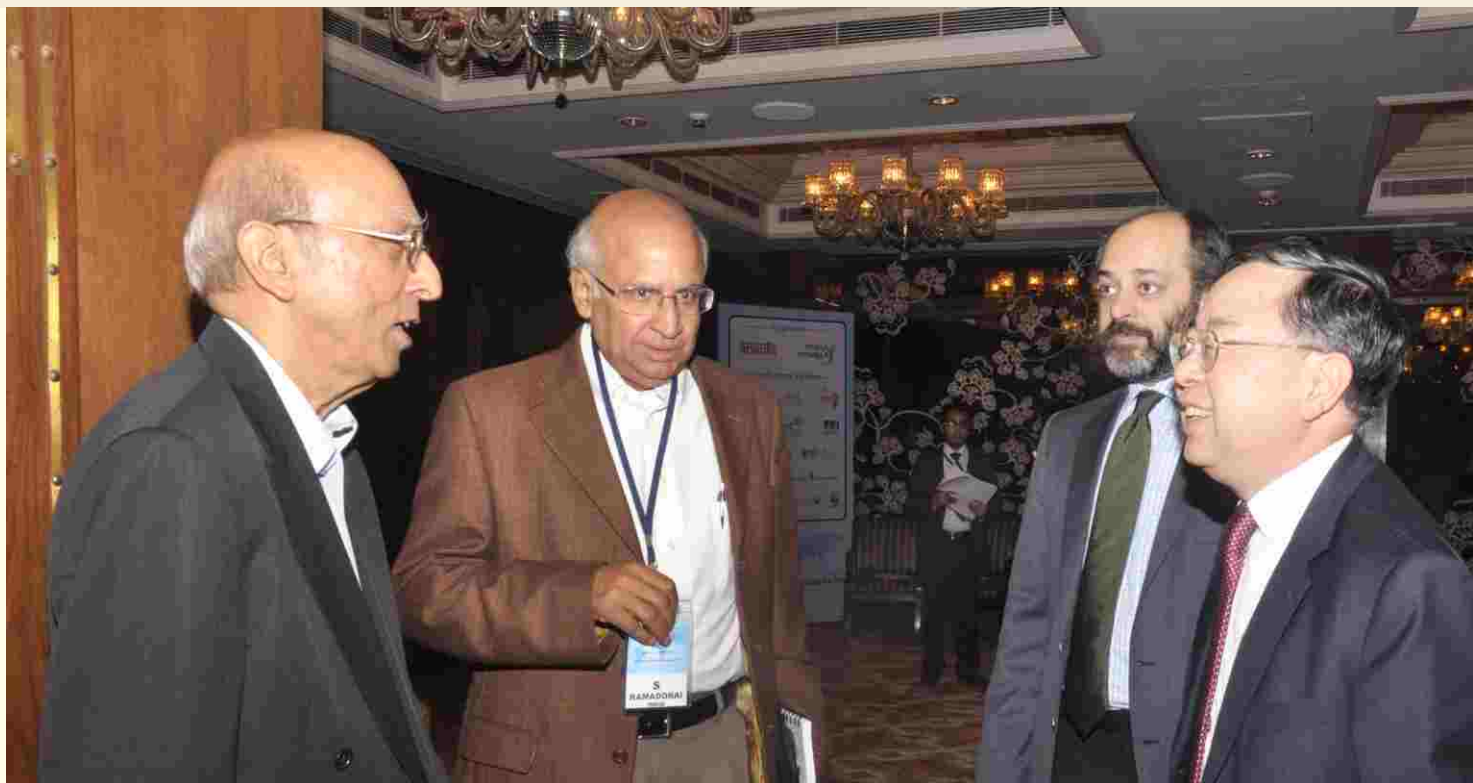
ASEAN economies had experienced economic slowdown in 1996, but even then, the region appeared solid and diligently overcame the crisis. Due to New Delhi's efforts towards the East Asian countries, India is now a vital stake holder in this region. India's trade with ASEAN has the potential to touch \$100 billion by end of the next year.

The panelists advocated that connectivity is the key for the development in the ASEAN region. The

grouping should focus on three I's and three E's i.e. Infrastructure, Industry and Investment and Energy, Education and Equity, the discussants concurred. ☘

*The increasing volume of trade between ASEAN & China has been a key factor due to which the 2008 economic recession of US did not affect ASEAN. ASEAN should concentrate on improving the connectivity of the region and focus on three I's and three E's: Infrastructure, Industry & Investment and Energy, Education & Equity.*

— MICHAEL YEOH



## KEY RECOMMENDATIONS FROM THE GROWTH NET 2014

► **Trade Facilitation:** Exports will remain stagnant thus we need the domestic demands to be stronger. Credit structure needs to enhance and leverage more. Instead of looking at the foreign financial resources, emerging markets need to accelerate and deepen their financial market. We need to understand the essentialness of the structural reforms, because they help us in differentiation. Implementation of the reforms, which is seen to be very bad in emerging markets. Efficiency of reforms will increase efficiency, productivity and profitability in public and private sectors. We need to understand the essentialness of south-south trade policies. South- south trade represents 5 trillion dollars and it is expanding.

► **Security:** India and China should start working together on strategic and security issues as both are threatened by regional instability across their peripheries. It is logical for both India and China to get on the same board to tackle bilateral challenges. The biggest sign of hope at present is that the level of cooperation is much better than it was earlier.

► **New Growth Companies:** It is imperative to create a better fiscal infrastructure for the developing countries.

The need of the hour is to establish transparent procedures to encourage local companies going global. The current documentation procedures are cumbersome. India should concentrate more on updating the ground realities and should come up with the single coordinating body to look into trade facilitation mechanisms.

► **Water:** Even though the MNCs follow global standards, the change will not happen till we encourage Indian firms, big or small to make sure that they do a water audit. We must implement a self-sufficient water







audit system and for this, we need to grow skill sets and capabilities. India as a powerful nation should put more focus on investing in devising new water recycling technologies than just giving subsidies. Efforts must be made towards adopting soil mapping and water catchment utilisation. Industries should look at ways in which they emit water out of their factories rather the intake. Not enough is happening with regard to industries taking action to save water.

► **Africa:** The biggest challenges in Africa are ignorance among capital providers and the ignorance of opportunities. We need to find the right investment models for Africa. The potential for entrepreneurship in Africa is mind boggling. The need is to look at the model that creates value locally while being receptive to foreign investors.

► **Energy:** Energy pricing needs to be examined, because India cannot achieve high growth rate with

cheap energy. Energy efficiency, transportation, infrastructure and water security are other key areas that require greater attention.

► **ASEAN:** Connectivity is the key for the development of the ASEAN region. India should expand its horizon with regard to engage ASEAN. Keeping in mind the strategic importance of the region, New Delhi should interact strategically in the region. ASEAN should concentrate on improving the connectivity of the region and towards the development of the CLMV countries. The Grouping should focus on three I's and three E's i.e. Infrastructure, Industry and Investment - Energy, Education and Equity.

► **Education:** The major challenges that we face today are reversing brain drain and encouraging students to take up science and technology. The way forward is to bring about vocationalisation of the education system.

► **China:** At present, China's main focus should be on creating jobs in tertiary service sector. The latest statistics suggest that service sector growth in China last year out-rated the manufacturing sector. There is a need to make political economic system efficient and flexible. China can handle the practice of shadow banking but the real danger lies in informal banking. ☘



# THE GROWTH NET 2014 IN THE NEWS

## Business Standard

Delhi to host 'The Growth Net 2014' conclave

YAHOO! NEWS  
INDIA

Conserve water; reduce its wastage through innovative means: Experts

### THE STRAITS TIMES News

Businesses should wise up to water risks, Delhi summit highlights



Speaking at the summit, Director of Goods (Industrial) Ravi Singh, Secretary-General HSBC Asia-Pacific, HDB,...

YAHOO! NEWS  
INDIA

Energy security, infrastructure to power India's eight percent growth rate aim: Ahluwalia

New Delhi, Mar.24 (ANI): Addressing the opening session of "The Growth Net 2014" on Sunday evening, the Deputy Chairman of the Planning Commission, Dr. Montek Singh Ahluwalia, stressed...

## Business Standard

Hold talks among interests groups in Russia-Ukraine issue: NSA

### THE FINANCIAL EXPRESS

Montek Singh Ahluwalia: Hopefully, next govt will be able to implement GST

#### SUMMARY

Planning Commission Deputy Chairman Montek Singh Ahluwalia today exuded confidence that whoever forms the next government would be in a position to implement key reforms, including the Goods and Services Tax (GST).



ANI  
NEWS

Energy security, infrastructure to power India's eight percent growth rate aim: Ahluwalia

### Post

Hopefully next government will be able to implement GST: Montek

New Delhi: Planning Commission Deputy Chairman Montek Singh Ahluwalia on Sunday exuded confidence that whoever forms the next government would be in a position to implement key reforms, including the Goods and Services Tax (GST).



## Business Standard

Conserve water; reduce its wastage through innovative means: Experts

### THE ECONOMIC TIMES

Smart phones fast becoming means for terrorists: Shiv Shankar Menon

NEW DELHI: Smart phones are fast becoming means for terrorists to recruit people and communicate with each other, National Security Adviser Shiv Shankar Menon said today.

## Business Standard

Cyber safety, gender issues India's top security challenges: Menon

### THE TIMES OF INDIA

Terrorists using smartphones for recruitment: Shiv Shankar Menon

NEW DELHI: Smartphones are fast becoming means for terrorists to recruit people and communicate with each other, National Security Adviser Shiv Shankar Menon said.



Addressing a seminar here, he said the same technology has been used for mobilisation and social protests by groups, including Aam Aadmi Spring'.

"We see ter...  
smartphon...  
though wil..."

### THE STRAITS TIMES News

Delhi summit on emerging economies ends but the work continues



PHOTO: THE

## OUTLOOK

India, China Working to Counter Terrorism Threat: NSA

## Business Standard

Energy security, infrastructure to power India's eight percent growth rate aim: Ahluwalia



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