

## MEDIA RELEASE

New Delhi : April 07, 2016

### THE GROWTH NET SUMMIT : HIGHLIGHTS OF DAY 1

The two-day global economic conclave hosted in New Delhi and is designed to bring together stakeholders from India, USA, Japan, China and across Asia on one platform to discuss and explore issues arising from the new world order.

#### A sensitive geopolitical environment and its impact on Global Economy

**Mr. Shashi Tharoor**, MP & Chairman of the Parliamentary Standing Committee on External Affairs, drew attention to the fragile geopolitical environment and challenges it poses to the global economy.

The panel also included stalwarts like **Mr. Frank Wisner**, International Affairs Advisor, Squire Patton Boggs and Former Ambassador of US to India and **Mr. Yasar Yakis**, President of Centre for Strategic Communication (STRATIM) and Former Minister of Foreign Affairs, Turkey.

Tharoor identified China “As the most important as well as most uncertain driver of change in the world today”. He said that China might use alternative methods to compensate for its economic slowdown that might affect the sovereignty of other countries.

“Slump in the global crude oil prices affects the sovereignty of countries like Venezuela, Nigeria and Russia and has the potential to develop into possible scenarios of civil unrest and sectarian tensions among other things. A disruption in the political and economic stability of the EU will greatly affect countries that rely heavily on European remittances. *“Closing of Europe would be catastrophic for the global economy”*.”

On being asked if the happenings of today are reversible, Yakib said “The answer to this question varies from one Middle Eastern country to another...there are so many factors which will determine the sustainability”.

On Indo-US relations, Wisner said that a sustained mutual co-ordination is crucial for both the countries to move forward. “You don’t produce radical policy decisions overnight”; however, India needs to be more proactive. While being supportive of India’s efforts he said, “United States welcomes India’s rise to the global high table”. The need for both the countries to come together on more pressing issues like conflict related to China and other issues in South Asia, over and beyond trade and climate, was also emphasised upon.

#### Leveraging ICT to leapfrog economic development: This is just the beginning of 4<sup>th</sup> Industrial Revolution

The post lunch panel focusing on ICT, was chaired by **Mr. S. Ramadorai**, Chairman, National Skill Development Agency, India. According to him the rise of IT has made the world more interconnected that has started the ‘4<sup>th</sup> Industrial Revolution’.

**Prof. Soumitra Dutta**, Cornell University spoke about the global race between countries for technology and the increase in the global gap by giving examples of countries like Japan, South Korea, Finland and to a certain extent India. He cited the ecosystem at Cornell : The universities, Government, Private sector and the civil society as an example of what is required to succeed with technology.

**Mr. Atul Jain**, COO of LeEco India, viewed technology not only as a facilitating tool but also a monitoring tool so that the whole society works in an organised and corruption free manner. According to him, his view of the technological ecosystem 'just means people who are responsible for enabling the technology to reach the common man' through different devices.

**Mr. Tan Chin Nam**, Sr. Corporate Advisor & Former Permanent Secretary, Singapore spoke about the computerisation of Singapore through seven computerized plans and a new national vision. They are as follows: 1. Computerizing the whole country. 2. Integrating computing and communications. 3. Penetration of IT in every sphere of the Singaporean economy as well as the life of its cities. 4. Make Singapore connected through broadband for every household, schools and factories. 5. The term Infocom media was introduced. 6. To create a digital ecosystem for business and start ups. 7. To transfer the lines of their cities by integrating them and use ICT for creating a better and flexible harbour.

### Indian in comparison to other BRIC countries, more resilient to divergence

**Dr. Rakesh Mohan**, Distinguished Fellow, Brookings India and former Dy. Governor, Reserve Bank of India, elaborated on the rising divergence in terms of monetary policies around the world with US Federal policy moving towards a tighter monetary regime in divergence to the ECB or Japan's stance on pumping more funds in the economic system. He said, "We are witnessing a great divergence while other economies going in the opposite direction with monetary policies leading to a downward pressure in the macro economic factors."

India on the other hand has been resilient to the divergence and has been moving in a positive direction. He was speaking in an interactive session with **Mr. Nelson Cunningham**, President, McLarthy Associates, USA; **Mr. Kenneth Juster**, MD Global Public Policy and ESG, Warburg, USA; **Mr. Nicholas Stern**, IG Patel Chair of economics and Government.

With growing volatility with the US interest rate change, Juster assured the US investors sentiments in terms of investments and resources and emphasized technology innovations especially clean energy which can have a positive impact on India and China.

Applauding the RBI's effort in creating a conducive environment for the economy with strong and mature policies, Stern, says, "We salute the RBI in what it has been doing in context with the global slowdown. Emerging economies are now seeking better returns on capital and the growth is bound to be automatically driven with high savings and infrastructure development."

### Major shifts in global trade puts pressure on emerging market economies

Speaking at the The Growth Net 2016 conclave, **Mr. Jyotiraditya Scindia**, MP, Lok Sabha and former Minister of State, spoke on the major shift taking place in global trade, "There has been a pendulum swing in the way trade has moved over the last few years. The rate of slowdown in the growth rates has come down to almost 0%, lowest rate post-recession, along with the declining commodity prices, putting a tremendous amount of pressure on emerging market economies".

Addressing the session **Ms. Rita Teotia**, Commerce Secretary, Ministry of Commerce & Industry, Government of India said, “In the last few month itself Indian government via Make in India, ease of doing business and extensive trade facilitation measures, has opened up various sectors such as aviation, Retails, e-Commerce, Banking, Construction, plantation etc. All this reflects the commitment of the government to comfort the investors and shows how well integrated India is in the global value adding chain system.”

“Every nation is going to witness a rise in labor costs, depending on the economies extend on the use unskilled labor,” she added.

**Ms. Lisa Robins**, Vice Chair, Corporate and Investment Bank for Asia Pacific & Head of Global Transaction Banking, APAC, stated the difficulty in navigating the FTAs and the substantial over lapse as far as trade agreements are concerned, “We have witnessed a 17% increase in Non-Tariff Barriers (NTB) and 15 NTBs coming up every month, leading to a substantial over lapse. We would like to see these agreements operationalize and actually work, given the challenges in accordance to the challenging condition of the individual economies.”

**Mr. Kevin Rudd**, President, Asia Society Policy Institute (ASPI) & Former Prime Minister of Australia, suggested the economies to bring unilateral reforms and generate policies to improve the overall decision making environment especially in terms of harmonization of the FTA.

### Emerging Economies need much more infrastructure development: How to plug the capabilities gap?

**Rakesh Bharti Mittal**, Director, Bharti Airtel Ltd. said that there are huge opportunities for companies in the infrastructure area in India. He added that more new smart cities are required to build and these are areas infrastructure opportunities which India provides.

**Tom Tanguchi**, Special Advisor to the Prime Minister of Japan, talked about the perspective on how Japan see the challenge and opportunities in the emerging countries.

“My idea is basically more strategic, less business interest. Connectivity means lot of things. It is very important to enhance the economy. Without better road, rail and logistic connectivity India cannot progress.” Japanese assistance in helping build infrastructure is not only about enhancing the local business but also enhancing the economic ties.

Speaking on how to plug the capabilities gap in infrastructure development, **Mr. Suresh Prabhu**, Minister of Railways, Government of India, said multilateral agencies and private sector can play an important role in bridging the gap on infrastructure funding.

“We have a huge potential to create demand in different parts of the country. To address the gap a right policy is needed. If we don’t have the right policy it will not work. Getting a proper investor interest into policy is very keen for the success of the policy itself. We are exploring how to get more and more private interest in infrastructure development.”

**Jacques Demers**, Managing Partner, Agawa Partners, New York, Canada, said bridging the gap in infrastructure funding is a long term battle. Pension fund is perfect match for infrastructure funding.

**Memduh Karakullukcu**, vice chairman and president Global Relations Forum, Turkey spoke on the opportunities in international cooperation in infrastructure funding. He said there seems to be a great

consensus around that infrastructure funding is the way forward and that we need to have private sector funding.

For more details, contact :