



MERCHANTS' CHAMBER OF COMMERCE & INDUSTRY

MCCI Economist Forum



Merchants' Chamber of Commerce & Industry organised a Round Table Session of **MCCI Economist Forum** on 'Development Strategies in the era of disruptions – taking the bull by horn' on 9th January 2023 at ITC Sonar, Kolkata.



(L to R) Dr. Sachin Chaturvedi, DG, RIS, Dr. Achintan Bhattacharya, Professor, LBSIM, Siddhartha Sanyal, Chief Economist, Bandhan Bank, Suresh Prabhu, Chairperson, MCCI, Economist Forum & Former Union Minister, Civil Aviation, Railways, Commerce & Industry, Chemicals & Fertilizers, Environment & Forests, Power and Chancellor, Rishihood University, Dr. Amitendu Palit, Senior Research Fellow and Research Lead, ISAS, Rishabh Kothari, Convenor, MCCI Economist Forum & Namit Bajoria, President, MCCI

MCCI has set up **MCCI Economist Forum** - a first-of-its-kind initiative taken by the Chamber in Eastern India under the Chairmanship of **Shri Suresh Prabhu**, Former Union Minister for Civil Aviation, Railways, Commerce & Industry, Chemicals & Fertilizers, Environment & Forests, Power and Chancellor Rishihood University with 14 best brains from the field of Economics. The broad objective of the Forum is to bring together eminent Economists and thought leaders from across the country to deliberate and shape the economic agenda for the future.

The First Round Table Session of MCCI Economist Forum discussed the possible growth path of India, developed India's vision and economic scenario against global uncertainties and examined how strategic objectives can be derived to deliver business resilience and contribute to India's long-term growth and development. It also analysed how to build on the challenges of digital transformation that are happening globally.

The Chief Guest of the Round Table Session was **Dr. V. Anantha Nageswaran**, Chief Economic Adviser, Department of Economic Affairs, Government of India.



Dr. V. Anantha Nageswaran, Dr. Mridul Saggat & Saugata Bhattacharya joining the Session through Virtual Mode



Shri Namit Bajoria, President, MCCI in his Welcome Address mentioned that the global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than that seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, all weigh heavily on the outlook. Global growth is forecast to slow from 6.0 percent in 2021 to 3.2 percent in 2022 and 2.7 percent in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. He mentioned that contrary to other countries, India's economy has been remarkably resilient to the deteriorating external environment, and strong macroeconomic fundamentals have placed it in good stead compared to other emerging market economies.



While presenting his opening remarks, **Shri Rishabh Kothari**, Convenor, MCCI Economist Forum mentioned that India's macro economic recovery has been to a great extent satisfactory compared to other economies but there are enormous corrections required at the micro level to which the Union and State Governments have acted taking measures which have directly benefited the poor with measures like increased allocation in creating rural infrastructure and deepening and widening the markets of agri-produce. There is need to strengthen India's rural economy which would take the country a long way to achieve the goal of US\$ 5 trillion economy by 2024.



Dr. V. Anantha Nageswaran,

Chief Economic Adviser,
Department of Economic
Affairs, Government of
India in his address
predicted India's growth
to be at 7% in 2022-23 in

real terms on the back of India's growing digital infrastructure and improvement in financial sector and corporate balance sheet. He further mentioned that the country has the potential to become US\$ 3.5 trillion economy at the end of March 2023 and US\$ 7 trillion economy in the next 7 years. He added that India will face the challenge of managing rupee strength rather than rupee depreciation like it was experienced in the second half of the decade. USA might resort to lowering of interest rates in 2024-2025 and if that happens, the Indian rupee might start gaining strength moving forward.

He pointed out that India has undertaken a lot of structural reforms since 2016. There will be 0.3% to 0.5% growth in India's digital infrastructure in real GDP. He suggested that India has to start punching in line with its weight in International Forums such as G20. G20 is an opportunity for India to begin internationalizing the currency.

While speaking on the global economy, Dr. Nageswaran expressed his concern over tightening of monetary policy by USA and Euro zone which will cause huge financial disruptions in the world economy. He said that the continuing war between Russia and Ukraine will create geo-political and geo-economic uncertainties.

He further viewed that there are medium term challenges. There is need to provide energy security, ensure that the lost years of schooling will be recovered, youth in India are skilled to face 21st century challenges and green economy. He also mentioned that fiscal prudence and fiscal consolidation are important.



Suresh Prabhu discussing a point with Namit Bajoria

Shri Suresh Prabhu, Chairperson, MCCI, Economist Forum & Former Union Minister for Civil Aviation, Railways, Commerce & Industry, Chemicals & Fertilizers, Environment & Forests, Power and Chancellor, Rishihood University in his address said that there is an enormous change happening around the world and this change is the main cause of disruption. Disruption can come in various forms like disruption in supply chain, digitalization, geo-political issue, climate change, etc. but we also need to keep in mind that disruption is creating opportunities for further development in the economy.



Dr. Sachin Chaturvedi,

Director General, Research
and Information System for
Developing Countries said
that India is the only
economy with lowest rising
inflation, among emerging
economies. India is in a zone of

economic stability. Disruptions should be addressed in long run, with indigenous policy prescriptions, not only at the national level but state and district levels also.

RBI has remained firm in terms of its focus on economic growth despite all upheaval. He opined that there is need to delineate disruptions between permanent and temporary. Disruptions are happening in social

and economic level which has lead to political chaos.

While speaking on potential of West Bengal, he said that there is no correlation between the number of factories that are listed in West Bengal and the total physical output available. Dr. Chaturvedi suggested focusing on better performance of the State in terms of industrial production. He emphasized on making West Bengal the knowledge capital of India. He further suggested that localization, following local strategy, focusing on details of industrial production and connecting it with technology would be the only way to tackle disruptions.



Dr. Mridul Saggar, Professor of Practice, Indian Institute of Management (IIM), Kozhikode said that in the current situation, India has faced the problem of limitation in monetary and

fiscal space. The rate of inflation has yet to come down to the targeted value. He suggested building buffers and policy space. He suggested fiscal consolidation must be given importance in the forthcoming budget. He also emphasized on corporate deleveraging in order to turn around the economy. Debt-to-GDP ratio is very high in the country. He suggested tapping the disruptions in terms of investment in human resources and technology. Agricultural reforms, labour reforms and industry stagnation should be addressed.



While speaking on digital disruption, **Dr. Amitendu Palit**, Senior Research Fellow and Research Lead (trade and economics), Institute of South Asian Studies, National University of Singapore pointed

out 3 elements which would be applicable for regional, local and global businesses. He said that digitalisation is inevitable in most of the

processes, managements, ways of doing businesses and also in way of leading one's life. But there is not enough faith in it. He mentioned that Digitalization has started creating gaps in society as well as in businesses. In the context of information, there has been an explosion of growth of information but it is also difficult to distinguish between the accurate and inaccurate information.

There has been phenomenal growth of digital connectivity in the last few years and it has created enormous opportunities all around the world. He suggested businesses to understand this and take advantage of it.



Dr. Achintan Bhattacharya, Professor of Practice in Lal Bahadur Shastri Institute of Management, New Delhi (Dwarka) suggested that in the digital era, the government needs to focus

on the empowerment of people through digitalization. Today, India is the largest growing digital economy in the world and in another 3-4 years, it will become US\$ 1 trillion digital economy. India is poised to have the largest number of youth population. He suggested that total upliftment of the youth and connecting education with technology is of the utmost need.



Shri Indranil Pan, Chief Economist, YES BANK advised to stabilize the economy first rather than looking at the upside. He expressed concern over the capital utilizing capacity for industry which is still below 80%.

He said the key issue before the decision makers at the industry is visibility of demand. Shri Pan also advised that the Government needs to look at stabilization of Debt-GDP ratio which is still at around 84%.

He mentioned that credit growth is happening, bank balance is in good order, and corporate

balance sheet is in extremely good order so there is conducive environment for investment to happen. Shri Pan pointed out that there has been a dead weight loss out of Covid which is not given attention unfortunately. He suggested that the Government needs to take care of the education system so that inequality in education that has been build up into the system during Covid can be brought down in significant way. Health care infrastructure needs to be enhanced.



Shri Siddhartha Sanyal,

Chief Economist, Bandhan Bank pointed out that India is much more assured of its demand side economy than most of the economy today.

India is blessed with demand which is powerful to run an economy. It is much more difficult to generate demand in a sustainable and healthy basis compared to generating supply. Nonetheless, generating supply is also not an easy task. He suggested that there is need to focus on boosting supply to cater to the demand.

He also mentioned that if supply side has grown to meet excess demand, the economy will be at high growth with lower level of inflation. This is called demand pull inflation which is much more manageable.

He raised concern over the fact that India soon to be the third largest economy in the world but in terms of Human Development Index out of 180 countries, India ranks at 130 so there is need to work upon distribution front and the government needs to boost the last mile connectivity.

On disruptions he viewed that with so many disruptions that had happened in past 15 years, people have become less afraid of it.

Shri P. K. Gupta, Former MD, SBI, Non - Executive Chairman, Utkarsh Small Finance



Bank mentioned that the impact of digitalization is going to be profound. The gap between people who have adopted digitization and who are lagging, is increasing day by day. There is need for skilling and up skilling of the youth. New jobs need to be created.

On international trade, he mentioned that there is need to attract more foreign investments and increase value added trade focussing on comparative advantage with high skilled labour. He further mentioned that Digital changes and how to cope with it would be the challenge and that will define the disruption and how to deal with it.



Shri Saugata Bhattacharya,

Chief Economist, Axis Bank emphasized on three areas to focus on, saying that in India global supply-chain reconfiguration can only happen by improvement in technological infrastructure.

Indians are in the front office of the world in designing technologies. Companies that are using Indian talent are headquartered outside the country. To bring these companies to India, Government and industry need to focus on R&D sector to compete globally.

Critical minerals such as copper, lithium, nickel, cobalt and rare earth elements are essential components in many of today's rapidly growing clean energy technologies – from wind turbines and electricity networks to electric vehicles. Demand for these minerals will grow quickly as clean energy transitions gather pace. There is need to make sure that there have access to these critical Rear-earth minerals.

The Session concluded with a hearty Vote of Thanks proposed by **Shri Lalit Beriwalla**, Senior Vice President, MCCI.



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Chairman of MCCI Economist Forum

Suresh Prabhu

Former- Union Minister for Civil Aviation, Railways, Commerce & Industry, Chemicals & Fertilizers, Environment & Forests and Power and Chancellor Rishihood University



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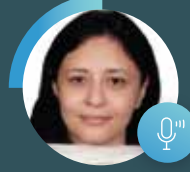
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Chief Economist, Bandhan Bank



Kanika Pasricha

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Senior Economist – Global, ICICI Bank

ABOUT MCCI

MCCI is a 122 years old non-government, not-for-profit, industry-led and industry-managed organization, with 700 direct members and 15,000 indirect members covering a wide cross-section of small, medium & large industries, trade and services besides, 10 Associations of Industry & Trade are also affiliated to MCCI.

MCCI addresses various aspects of the industry, trade and service sectors, their issues & Challenges and through several learning and best practices forums, guide them to the future. MCCI also helps members to explore international business opportunities through its international connect initiatives.

MCCI has been working on the development of an indigenous vibrant industrial base in the country, especially in Eastern India. The indomitable spirit and quest to build an institution to safeguard the interests of the indigenous business community led to the birth of Vaishya Sabha and with the changing times, now it stands as MCCI. MCCI has evolved to reinvent itself to address the challenges in this era of new normal.

MCCI works as a bridge between businesses and the policy makers to create a conducive economic environment for the industry to prosper and flourish while benefitting all the stakeholders in the economy. The Executive Committee, which has 30 Councils reporting to it, is the principal facilitating structure of the Chamber.

We are one of the leading Chambers of Eastern India relentlessly working for the betterment of MSMEs through several initiatives. MSME Helpdesk, IP facilitation, connecting with Banking and Financial institutions, technology for MSMEs, besides taking up members' issues at the appropriate level. Several Business meets are organized for the benefit of the members.



Merchants' Chamber of Commerce & Industry

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