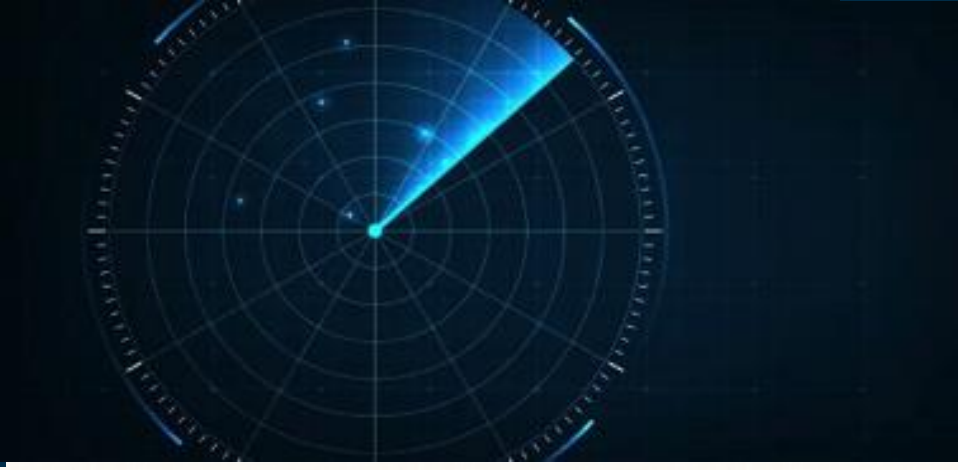




Navigating INDIA



*“Give me the facts, and I will twist them the way I want, to suit my argument”
– Winston Churchill*



INSIDE THIS EDITION

This edition of the Monthly Policy Note further covers the most relevant topics currently. From growth concerns across the globe to how data centers are gaining prominence as an important segment in India.

While there is a lot of focus on ESG, the write up focusses on how a sustainable supply chain is key to ensure its success. Similarly, healthcare as a segment is growing but our write up highlights how skill developments at the grass roots level is what will ensure that the growth is organic and enriching. ONDC is an important initiative and MSMEs stand to benefit the most.

Geo-politics and aerospace and defence are topics with significant overlap and we highlight why oil imports by India from Russia should not be a concern to anyone. We highlight why delayed helicopter procurements are a concern and how we see the segment going forward.

In our expert section we have very relevant inputs from Mr Gautam Bambawale on why a rules based economic order is key going forward.

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Policy Square:

Mr. T. Koshy, CEO, Open Network for Digital Commerce



Economy update:

Decelerating global growth: Growth vs Balance – balance is critical



Geo politics:

India's oil imports from Russia – Facts and Opinions!



Infrastructure

Data centres in India – New Growth story!



Aerospace and Defence:

Helicopter procurements – Twists, turns, U-turns but there might just be some light now



Healthcare:

Skill Development at grass roots level – A building is only as strong as its foundation



Financial Services:

Open Network Digital Commerce – Democratizing e-commerce in India



Environmental, Social and Governance:

Supply chain in ESG – Appreciating the large scale impact of a sustainable supply chain



Expert Interview:

Mr Gautam Bambawale – Former Indian ambassador to Bhutan, Pakistan and China

Policy Square | A Primus Partners initiative to understand the more fundamental questions in policy making

Primus Partners on 28th December 2021 launched **Policy Square**, in association with Businessworld.

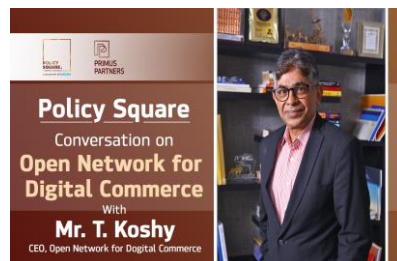
Policy Square, an initiative by Primus Partners, is a monthly expert interview series wherein key constituents of the public policy ecosystem – senior policy-makers, civil society members, business executives etc. – are interviewed on critical issues and policies of national importance to explore their impact on the country and industry at-large.



The latest episode of Policy Square, released on Primus Partners' YouTube channel, hosted a conversation with **Mr. T. Koshy, CEO, Open Network for Digital Commerce**, for an in-depth discussion on the possibilities and impact of a network-based approach in India's growing digital economy.

Mr. Koshy during the interview underscored how Internet started as a democratic place, but over a period of time as it grew it started translating into walled gardens. Walled gardens have their benefits – giving a complete integrated service, come with fantastic efficiency coming out of scale, but they have their limitations as well.

Link to the full interview: [Policy Square with Mr. T.. Koshy](#)



Our take



Government of India has maintained considerable focus on developing Public Digital Platforms, starting from the United Payments Interface (UPI), ABDHM to now the ONDC.

However, owing to the complex nature of online commerce – involving verticals from logistics to customer satisfaction – it will be pertinent to see how ONDC compliments the existing service quality of the digital economy.

ONDC also carries implications for investments made into 'digital platforms', which the ONDC network seeks to replace.

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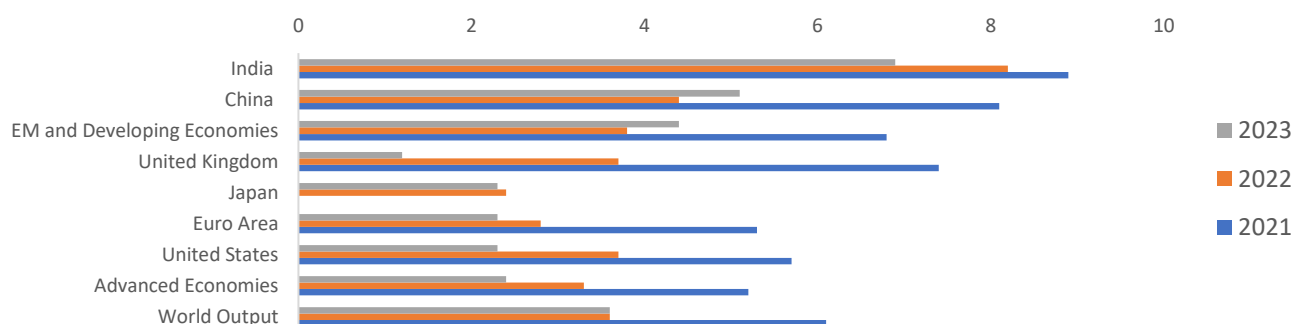


Decelerating global growth

- Growth vs inflation: balance is critical

While slowing, advanced economies are still flying high, and their combined output is expected to go back to pre-pandemic trend by 2023. Emerging and developing economies, however, are flying low—and they do not have much gas left to use in terms of policy space if they encounter headwinds. That’s why we’re worried about a hard landing.”- Ayhan Kose (Director, World Bank)

Overview of World Economic Outlook Projections (% change)



In 2021, global economy showed signs of recovery from the pandemic despite new variants of COVID-19 and supply bottlenecks, expanding at powerful rate of 6.1%. After a strong rebound in 2021, the Global growth is projected to decelerate markedly in 2022 and 2023 at 3.6%. As per World Economic Outlook Update, this is 0.8 and 0.2 percent points lower for 2022 and 2023. Further, this is forecasted to decline to about 3.3% over the medium term. However, the projected growth rates for India in the same period is 8.2% and 6.9% respectively.

This economic slowdown is seen coinciding with widening divergence in growth rates and income inequalities between different economies (advanced/emerging and developing).

The global deceleration has been driven by various factors viz. repercussions of Ukraine-Russia war, continued COVID-19 flare-ups, supply bottlenecks, waning fiscal impetus etc. The war in Ukraine has important consequences due to the conflicts and sanctions and its spill over on commodity prices, trade and financial linkages, specially in Europe.

Russia is one of the largest exporters of crude oil globally and though India does not have significant merchandise trade with Russia (India’s direct trade exposure with Russia-Ukraine is 1% of total exports and 2.1% of total imports), economic and financial sanctions will have a negative spill

over on India’s growth due sluggish growth and increasing inflation in global economies and its weigh on demand in India. Even prior to the war, inflation had increased in various economies because of increasing commodity prices and pandemic-induced supply-demand imbalances.

Recently, international oil prices have surged to 14-year highs resulting in broader price pressure. Economists have lagged the rising risk of a recession in the US as the Federal Reserve aggressively rolls back its ultra-accommodative to tame the rising inflation. As India depends on imports to meet 85% of its crude oil needs, there are high oil and fertilizers prices leading to domestic inflation and its cascading effect on consumer products. This is reducing Government revenues and increasing subsidy costs leading to twin policy trade-offs: between tackling inflation and safeguarding recovery.

One major impact of this expectation of tighter policy have resulted in financial market volatility and risk repricing. The INR fell to a record low of 77.52 against the USD having a domino effect on the stock market. Even with problems of high inflation and falling Rupee, the country’s economic fundamentals are strong, and the economy remains well placed over the medium term. Public capital expenditure will play a significant role in safeguarding recovery by giving impetus to economic growth in long term.



India's oil imports from Russia: *- Facts and Opinions!*

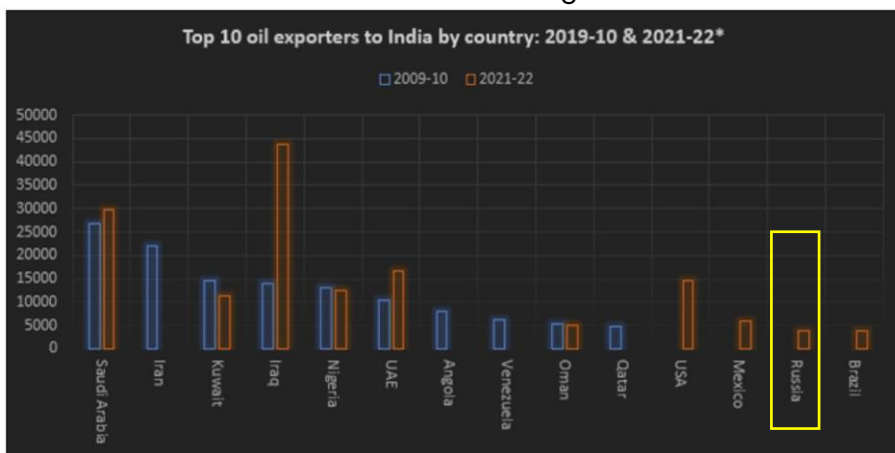
Till the onset of the recent Russia – Ukraine crisis, Russia accounted for almost 39% of the gas used in the EU, 23% of their oil imports and 46% of their coal imports (statistics as of full year 2020).

India is a major importer of oil. However, despite being the third largest global consumer of oil with an 80% import content, its imports from Russia were only about 2-3% of overall requirements with Iraq and Saudi Arabia being the largest suppliers.

And this may be for a variety of reasons – one of them being logistical issues due to which India finds it cheaper to import oil from West Asia region

Top 10 oil exporters to India by country

Source: (ORF – India's oil imports: Trends in diversification – April 02, 2022)



There also are Indian investments in Russia's energy sector where primarily ONGC Videsh Ltd, Oil India Ltd are the major investors.

That being said, in the last few months Russia has offered crude oil to India at significant discount rates. And the Indian Government has been very clear in intent – putting energy security first and believing in the economics of trade as far as a friendly country and strategic partner is concerned.

So much so that reportedly in four months spanning March – June 2022, the amount of Urals oil contracts made for India has been around 26mn barrels – reportedly more than the imports during the whole of year 2021.

India has insisted on its intent to diversify supplies across critical imports including for a very important commodity – oil.

However, what needs to be noted is that the ban on oil imports from Russia will not impact India much in terms of supply as the imports are less in any case. What will possibly impact India is the mode of currency for imports – and this will be a common factor across all trade be it oil, gas, defence or any other sector.

What is also clear is that as the economies revive post COVID including that of India, there will be

an increase in demand for commodities including oil. Alternative sources of supply for oil will possibly be identified by countries including that in the EU, provided there is enough supply to meet demand.

Having said that, in this case the Russian oil resources would be available for the countries that show an interest to procure despite the possible sanctions that they may be subjected to.

Keeping constant India's strategy of energy security as well as the trade economies, it is quite possible that in the near future there would possibly be more oil imports from Russia. It would hence be important to have an alternative payment mechanism. It is currently in the works and depending on the volumes and frequency, it may be required to further formalize it.

Alternatively, a barter arrangement can also be explored whereby India's oil imports can be paid in kind with products including oil seeds, edible fruits, nuts etc that are currently imported by Russia from India.

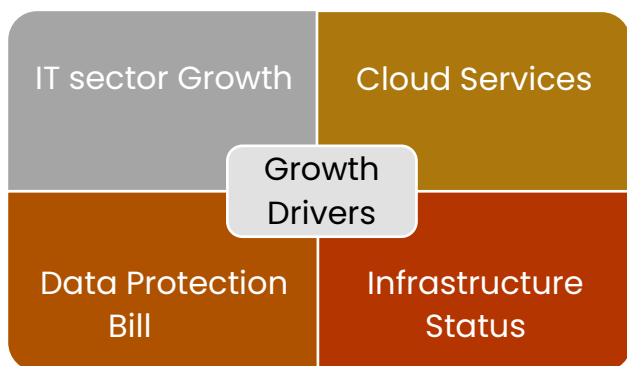
Clearly India is not ready and not keen either to pause relations with Russia. On the other hand, relations with the US and Europe have only grown stronger in the last few years.



Data centers in India: - *New Growth story*

The data center sector in India is witnessing a robust growth in the post covid era, supported by India’s cost advantage, availability of skilled labor and stable government making India well-positioned to be a major data center hub. The massive regulatory need for data localization has fueled the industry’s growth, leading to investments from top Internet firms like Microsoft and Google along with home-grown giants.

As of 2021, India had a total co-location data center capacity of around 824 MW, which is spread across 8.8 mn square feet in the top real estate markets – Mumbai, Chennai, Bengaluru, NCR, Hyderabad, Pune and Kolkata. The Indian data centers industry’s capacity is expected to witness a five-fold increase as it is to add ~ 4000 MW of capacity involving investments of Rs 3 lakh crore in the next five years.



Policy Regulatory Support

This growth has been supported by the government of India making targeted interventions, to support the regulatory environment for the sector:

- **National Data Centre Policy:** The policy is at its last stages of approval, and it aims to offer incentives worth up to Rs 15,000 cr. and unlock large investments. Its draft has laid out guidelines and incentives such as revised building guidelines, faster clearances and uninterrupted power supply provisions including use of captive power units. While the National policy comes into effect, states like Tamil Nadu, Uttar Pradesh and Telangana have come out with their own policies. Other States are not very far behind.

- **Infrastructure Status:** The finance minister granted infrastructure status to the data center industry in the last Budget announcement. This is a huge step in the direction to support the industry as it will help companies in availing easier credit and managing resources. This has been welcomed equally by financial institutions, federal governments, private sector players, policy makers etc.

With the sector catching the limelight, it is also becoming an appealing target for cyber thieves and malevolent hackers. There are various concerns that data center operators and users should consider in order to maintain appropriate security procedures and keep data safe and secure.

Risk management is critical and should be given utmost importance. Both data center operators and users must be able to identify their resources, threats, risks, establish a preventive security strategy, and apply the necessary safeguards.

The National Cyber Security Centre (NCSC) and the Centre for the Protection of National Infrastructure (CPNI) have collaborated to provide security guidelines to data center operators and users in order to assist secure data centers and the data housed within them.

Going forward, roll out of the 5 G technology, Internet of Things (IoT), Artificial Intelligence (AI) and Cloud computing will be the growth drivers for this industry, but at the same time focus should be kept on sustainability as that’s an issue the industry can be threatened by.

From a policy perspective, India needs to improve on several factors such as taxation, approval processes, un-interrupted power supply, single window clearances, availability of quality land parcels and ancillary infrastructure to support building of data centers, to name a few.

There are many drivers for the data centres in India – regulatory support will further help drive the segment in India!



Helicopter procurements

- Twists, turns, U-turns but there might just be some light now

“Delays, Delays, Delays – I don’t follow, I avoid...but delays follow me, I can’t avoid” – this is a hypothetical statement that one procurement procedure arguably tells another in India. It might be the case globally even, but India with her live borders on both sides and the recent crisis in Sri Lanka coupled with the still existing vintage state of many of her weapons and platforms, cannot afford to continue with this.

Indian defence procurement processes have for long been considered a key reason (direct and / or indirect) for delays in acquisitions of weapons and equipment. Critical and emergent procurements happen relatively quicker through the G2G or FMS routes – but that should be considered as exceptions, not the rule.

No doubt the crises in the last 2-3 years have changed the geo-political scenario and it is now all the more prudent to have an indigenous sourcing to the extent possible. However, capability and capacity building takes time and hence all the more reason to fast track the long pending procurement processes and bring them to closure.

Be it the fixed wing aircraft (MRCBF, C-295s, MMRCA) or land systems (FICV, FRCV) – the programs were initiated almost a decade back. MRCBF is relatively new with the RFI issued around 5 years back while the C-295 (AVRO replacement program) has finally been concluded. Rotary wing procurement programs are also not any exception.

The Indian forces between the Air Force, Navy and Army have a requirement of around 800-90000 helicopters which were planned to be met by the below:

- **111 Naval Utility Helicopters (NUH) and 123 Naval Multi Role Helicopters (NMRH) worth around \$15bn in total.** Out of the above, 24 MH-60R NMRH helicopters have already been contracted for with the US for outright buy, out of which 3 have reportedly been handed over to IN last year in the US for training and will arrive in India by July this year. An RFI was issued for leasing 24 helicopters under NUH from a foreign OEM – but that was the last that was heard of it.

- **Around 160 Light Combat Helicopters (LCH) and 400 Light Utility Helicopters (LUH)** – In a bid to encourage indigenous production the Government approved procurement of 15 LCH from HAL as part of a limited series production. **The requirement for LCH currently stands at around 60-65 for the IAF and 95-100 for the Army.** Similarly, the procurement of 12 LUH (6 each for Army and Air Force) was approved last year. **The joint requirement of LUH for the Indian Army and Air Force stands at around 400 helicopters.** The demand for 400 LUH was to be part met by the Ka-226T – however the JV is still reportedly hanging in the balance over IC and cost discussions.

- **Heavy attack and transport helicopters** requirements has already been met by the Apache and the Chinook deliveries in last 1-2 years via an order **22 AH-64Es (+6 options) and 15 CH-47s** worth a total **around \$3bn**. The total options clause was for 11 extra AH-64s and 7 CH-47s in the initial contract signed in 2017. That leaves 5 more AH-64s and 7 more CH-47s for potential procurement. Apart from that there were reports of plans to order **more Mi-17 helicopters** anywhere between 48-80 units – which has now been shelved in favor of indigenous platforms. Within India's domestic industry, HAL is currently developing a 13-tonne helicopter called Indian Multi Role Helicopter with a timeline of 2028.

The Indian defence procurements are currently focused on indigenous industries and one thing that is outright clear is that going forward there will not be platform procurements – not in the helicopters and fighter aircraft categories at least.

The understanding is that the platforms will need to be made and / or assembled within the borders in partnership with Indian companies with a requirement to meet IC levels.

The way forward is possibly going to be an Indian public-private partnership in collaboration with foreign OEMs with involvement of ToT and an understanding towards IP ownership.

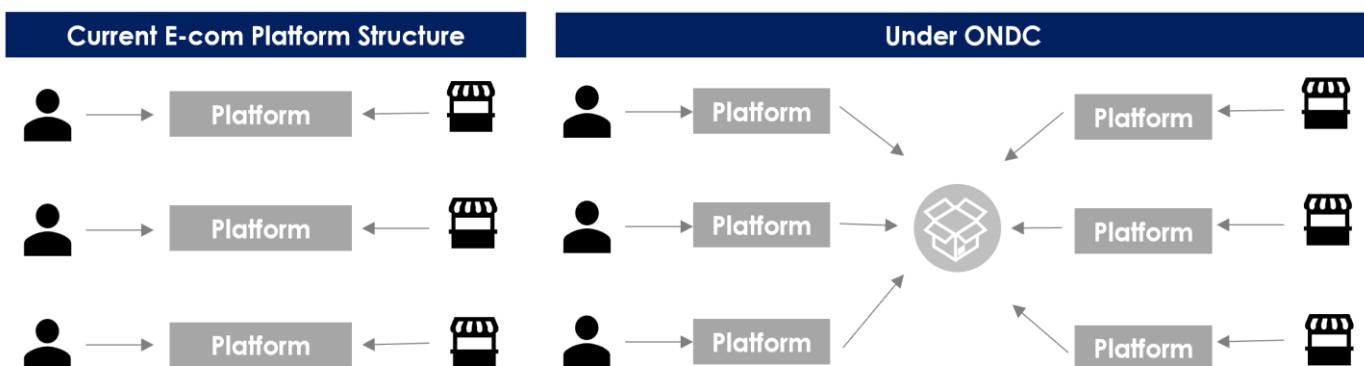


Open Network Digital Commerce - Democratizing eCommerce in India

Ecommerce accounted for 5.1% of total retail sales in 2007 and 16% in 2019¹ – indicating a ~68% increase in growth. However, penetration of ecommerce in India is still low, and recent growth is mainly attributable to large ecommerce players such as Amazon and Flipkart. A huge base of ~63mm MSME units in India still transact physically, and a large potential exists in bringing this base online.

The Open Network for Digital Commerce or ONDC is an open source network where buyers and sellers can come and transact, irrespective of the application they are using. It is a neutral platform that provides guidelines for cataloguing, inventory management, order management, vendor match and price discovery. For, e.g. when a buyer searches for an item on an ecommerce app, the app will connect to ONDC, which will connect the user to the seller side interface and list all sellers who have listed that item.

What is Open Network for Digital Commerce and how does it work?



The project, spearheaded by DPIIT through the Quality Council of India, is **“aimed at promoting open networks developed on open-sourced methodology, using open network protocols, independent on any specific platform. ONDC is expected to digitize the entire value chain, standardize operations, promote inclusion of suppliers, derive efficiency in logistics, and enhance value for consumers”**.

The solution also aims to curb digital monopolies. Once ONDC is implemented, data will be disseminated in a uniform manner and available to all who are part of the network. A test run conducted among 150 sellers had GoFrugal and Digit hosting the seller and PayTm the buyer-side. Several public and private sector banks such as Kotak, HDFC, SBI, PNB etc. have picked up stakes in ONDC.

What are the implications of ONDC on the dynamics of the eCommerce Market?

While large E-com companies enjoy a monopoly over digital retail sales in India, ONDC implementation will enable a thriving MSME

segment in India to transact online without having to set up shop on one single platform.

Future Outlook

The success of the solution depends on multiple factors such as adoption rate by both buyers & sellers as well as digital entities in the value chain that can host ONDC. Charting out implementable use cases will be of prime importance – an ecosystem of digital hosts such as grocery delivery, revenue management, inventory management, supply procurement, digital payments, credit access and logistics can benefit SME's, kirana shops, individual sellers etc.

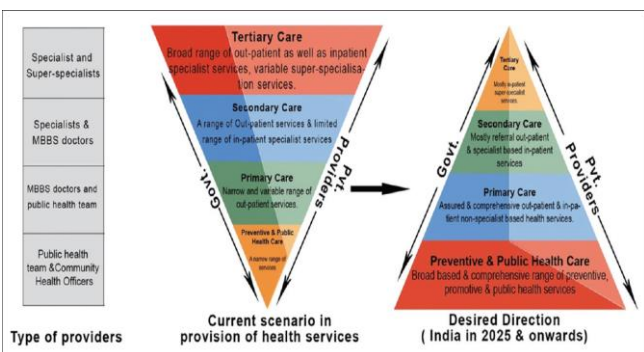
The kind of policies the government undertakes and puts in force for widespread adoption is central. Creating a separate authority to manage and maximise ONDC's potential can be one way of taking this solution forward. The stability and standardization of the technology in place will also play a key role in making this solution scalable. Data sharing protocols will need to be in place with respect to companies which are hosting the network.

Skill Development at Grassroots Level

-A building is only as strong as its foundation

Recently WHO honored 10.4 lakh of India's ASHA Workers as "Global Health Leaders" for their contributions in implementation of government's health schemes and education of the population about best health practices at the grassroots level. ASHAs or Accredited Social Health Activists are members of the community that they serve. They are responsible for conducting health surveys, creating awareness about various health schemes and programs, reporting of incidences to the health centres amongst other things. They form the very foundation of the public health system in India.

The health system in India is a pyramid with preventive healthcare being the base. At the base, along with the doctors, there are many cadres of health workers like the ASHAs, that are responsible for upholding the entire system. However, the unfortunate reality remains that there is a gap in skill and training at this level to effectively implement the programs and mitigate health crisis at the primary level to reduce the burden on the secondary and tertiary health tiers, as was seen during the outbreak of the Covid-19.



Source: Lahariya, Chandrakant. (2020). Stronger government health sub-system is the way to advance universal health coverage in India. *Journal of Medical Evidence*, 1, 133-7. 10.4103/JME.JME_165_20.

One of the most important lessons we have learned from the pandemic has to be lack of established protocols for identification, reporting, counselling and monitoring. At the very ground level, these are responsibilities of the skilled manpower who found themselves inadequately trained in handling such situations.

With a doctor to patient ratio of 0.61:1000 in the country and a rising burden of non-communicable diseases over the last decade, it is important that we invest in strengthening the functions of the manpower that works with the community and has the potential to drastically lower the disease burdens with minimum intervention at the secondary and tertiary levels.

The key challenges in adopting the bottom-up approach to improving the healthcare system are:-

Shortage of manpower- Both Technical and Non-technical categories face the issue of being understaffed. Hence, they need to be well-trained to efficiently handle the patient load.

Lack of accreditation and standardization- There is room for misinterpretation and manipulation of guidelines of practice at the ground level. This creates a lack of accountability. A robust system of continuous monitoring and evaluation to ensure the implementation of best practices up to the quality standards.

Outdated practices- The training provided to the healthcare workers at times is not at par with the global standards and may be non-operational in the current scenario. Updating the training with latest developments for improvement in the practice can be very beneficial.

Lack of incentivization- At the grassroots level, the incentives often do not reflect fairly on the work undertaken by the professionals. Lack of recognition and incentivization can demotivate the staff from performing their duties. Appropriate incentive programs for the skilled manpower will help in not just improving performance levels but also attract new recruits.

Recruitment process- The prolonged recruitment process and the minimum skill testing results in gaps in manpower for long periods of time with inadequate practical knowledge.



Supply chain in ESG

- Appreciating the large scale impact of a sustainable supply chain

Ecommerce Sustainability is emerging as a fourth pillar in supply chain management, which has traditionally been based on cost, service, and quality. A sustainable supply chain is one in which ethical and environmentally responsible practices are fully integrated into a competitive and successful business model. It not only considers measures of profit and loss, but also involves environmental and social dimensions. Supply chain impact reportedly accounts for more than 80% of greenhouse gas emissions and more than 90% of the impact on air, land, water, biodiversity, and geological resources.

For a truly sustainable supply chain, end-to-end supply chain transparency is of utmost importance; sustainability measures must encompass everything - raw material procurement to last-mile logistics, as well as product return and recycling. As a result of pilot outreach programmes, more suppliers are becoming aware of the need to reduce their GHG emissions. For instance, few companies encourage their main suppliers to report their emissions through CDP supply chain as a commitment to working with them on controlling their GHG emissions. These suppliers are identified based on spend, overall value chain emissions, and long-term and strategic collaborations.

While few companies have reduced energy use by 25% using energy-saving appliances, companies are also targeting recycling programs to ensure that their products were appropriately disposed of.

Despite increased supplier knowledge, organisations still have a long way to go in terms of integrating sustainability and carbon reductions into supply chains. Since supply chain is a function of various processes involving planning, sourcing, manufacturing, delivering, and returning activities, the concept of a sustainable supply chain is admirable but difficult to design and realize in practice.

While larger corporations have adopted sustainability measures, it is critical for a country

like ours, where the informal economy accounts for ~20-25% of the GDP, to follow suit.

MSMEs and the informal sector's cumulative contribution to coal combustion in India was the single largest source of emissions in 2015-16, accounting for more than 90% of total emissions, according to CEEW.

The following measures should hence be considered to accelerate the progress towards building sustainable supply chain:

Mapping of supply chain: To reveal key areas that may be prone to Environmental and Social (E&S) risks or where operational improvements can be made. The fundamental purpose of supply chain mapping is to enable businesses to develop strategies to respond quickly to supplier demands. Effective mapping will also enable businesses to ensure compliance with their ESG goals.

Detailed review of suppliers, logistics, routes-to-market, and customers: To understand the company's current environmental sustainability status. This will aid in identification of hotspots where supply chain stability and environmental safeguards can be improved.

Enterprises should reveal the list of suppliers they utilise to create their products, including what the supplier does and where it is situated, for sustainability standards to percolate to Tier 2, Tier 3, and Tier 4 companies. Manufacturers should also provide information about these facilities, such as the amount and kind of energy utilised in the production of a brand's products, the amount and type of GHG emissions emitted, and the chemicals used.

Collaboration is essential to scale goals and accelerate achievements. Hence there needs to be more involvement of various stakeholders such as government authorities, suppliers, customers, and communities, for building sustainable supply chain.



Promoting a rules-based-economic-order in India is the need of the hour



Gautam Bambawale – Former Indian ambassador to Bhutan, Pakistan and China

Mr Bambawale, a 1984 batch IFS officer, in his 34 years of service has held various positions including as Ambassador to Bhutan, Pakistan and China, and was also in Washington during the Indo-Nuclear deal. He has had almost 17 years of experience dealing with China in various capacities. He currently is also a senior advisor to Ola Cabs for corporate and international affairs.

Let us start with a macro picture. What is your opinion on how the Russia – Ukraine crisis (and the larger US – Russia crisis) has shaped till now and about India’s abstentions from voting at the UN?

When you look at international politics from a macro point of view, what strikes you first is the phenomenal rise of China over the past 4 decades. China today is the second largest economy in the world, behind the US, and along with her material rise she has also become one of the most important military powers on the globe. The country has huge corporations across sectors and has developed a capability for scientific discovery and innovation which is close to that of the U.S.

Today, Washington looks upon China as a peer competitor in every way and sense. The rise of China and its increasing competition with the existing great power – viz. the US – is the major strategic geopolitical trend. Along with this, we in India must factor into the equation China’s increasingly aggressive international behavior, including with us.

Russia’s military operation in Ukraine is a somewhat shorter term, more a tactical development. Of course, it has attracted the attention and energies of the West which is assisting Ukraine to defend itself by way of providing arms, ammunition, intelligence and other economic assistance.

While India does see the Moscow perspective of this conflict, we are also appalled by the death, destruction, loss of life and humanitarian crisis it has caused. We are also well aware of the attack on an independent, sovereign nation by Russia and do not sympathize with it at all. That is why India has repeatedly called for a cessation of hostilities so as to give dialogue and diplomacy a chance to work magic.

Our position at the UN is based on India’s own national interest. Russia is an old friend of India in several ways, both in the past and in the present. Russia today continues to be a strategic partner for India in nuclear commerce, outer space related activity as well as in defense cooperation.

Much of our weapon systems are Russian origin. Under these circumstances, India decided to abstain on all votes in the UN pertaining to this issue. However, it is important to read our voting pattern along with our Explanations of Vote, which bring out our anguish at this situation. Only when you do so, will you fully understand the Indian position on this very important international issue.

What is your opinion on the relevance of global institutions like the UN and WTO in the current global scenario, especially with the increased polarization impacting global trade?

You have to remember that these global or international institutions were set up or established in the aftermath of World War II. The UN has been an important organization for maintaining world peace and the WTO (or GATT before it) for promoting and fostering international trade.

There is little doubt that both these institutions have become less effective with the passage of time. Both are weaker and less effective today than ever before. The reason for such a state of affairs is that these organizations have not changed in their structure or methodology of operation since inception. They do not reflect the realities of 2022 – they reflect what the international political situation was in 1945.

In order to make them effective, they will have to be reformed, overhauled and made over to reflect the 21st Century reality rather than the late 20th Century one.



You have seen firsthand India's relations on either side of the border – both as Indian Ambassador to China and as High Commissioner to Pakistan. Having also been a keen follower of India – China relations, how do you see the new world order changing with the old US – Russia focused world order possibly coming back to the fore?

As I said earlier, the major geopolitical development of our time is the rise of China and the ever-increasing strategic competition between the US on the one hand and China on the other. Russia is closely aligned with China but increasingly as a junior partner.

Yes, what seems to be developing is a tussle between an authoritarian world view against one which is more democratic and a rules-based world order. Till 2019, India could afford to take a balanced view between the two developing poles, two very different views of the world.

However, from 2020 onward, after China's aggression on our borders in eastern Ladakh where they violated every agreement with India aimed at maintaining peace on our borders, India cannot take a nuanced or balanced stand. Increasingly, we find ourselves on the side of a rules-based world order. We are inexorably being drawn closer to the democracies of the world.

All you have to do is to see how India's relations with the U.S., France, UK, Japan, Australia and South Korea have developed over the past 15 – 20 years to understand this trend. The development of the concept of the Indo-Pacific is a strategic development of great significance. We know which side of this equation India is on.

What China is today, is a result of decades of planned activities. While India has grown and evolved in the last few decades, the coming 5 – 10 years are critical for India. What do you think are the top three most important issues both militarily as well as from a geopolitical perspective that India should focus on?

The answer is staring us in the face – economic growth, economic growth, economic growth. Over the next 20 years or so, India needs to focus on fast paced economic growth at say 9-10% GDP growth p.a. India must increase its economic heft and become a \$7-8tn economy.

Along with growth, we must also have distributive justice so that the living standards of all our people rises across the spectrum. If we are able to do this, we shall also find that economic growth brings along with it – greater military capabilities, better education facilities, more inventions and innovations, more manufacturing, better agriculture techniques and outputs, greater social cohesion and improvements in the status of women. It all goes together.

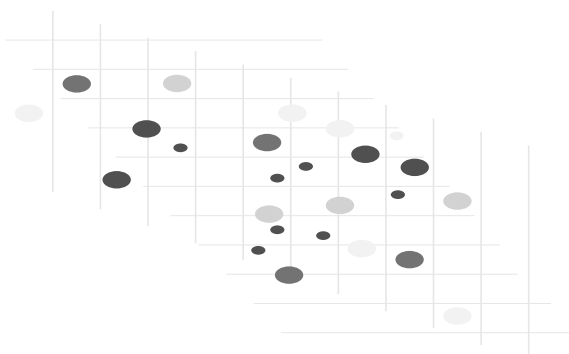
In other words, India needs to focus laser sharp on improving her economic performance and achieving higher and more evenly distributed growth. You may find it surprising, but this is our number one, number two and number three priority from a geopolitical perspective.

When it comes to economic growth, what would you suggest are two critical areas which India needs to cater to on a war footing in order to grow as per the desired ambitions?

The first is to curb the growth of the administrative state and in fact to reduce the role of the state in economic affairs. Unfortunately, this is not happening. In fact, the reverse is true.

Second, to enhance rule of law so that all are treated equally before it. There should be no possibility for the state to favor a few well-connected people at the cost of others.

Promoting a rules-based economic order within India is the need of the hour.



About Primus Partners

Primus Partners has been set up to partner with clients in ‘navigating’ India, by experts with decades of experience in doing so for large global firms. Set up on the principle of ‘Idea Realization’, it brings to bear ‘experience in action’. ‘Idea Realization’— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability.

Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc), and with varied specialization (engineers, lawyers, tax professionals, management, etc).



PASSION

for providing solutions to help clients achieve their goals

RESPECT

For all and alternate viewpoints

INTEGRITY

of thoughts and actions

MASTERY

of our chosen subject to drive innovative and insightful solutions

US

Representing the Primus collective, where each individual matters

STEWARDSHIP

for building a better tomorrow

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