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News release

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India has an opportunity to build a US$10 trillion economy over two decades with a growth ambition of 9% pa GDP: PwC's latest report identifies winning strategies needed for this aspirational transformation

New Delhi, 24 Nov 2014 – India is on the cusp of major change. PwC's landmark report titled **'Future of India – The Winning Leap'** launched today revealed the winning solutions required to lead India to unprecedented economic growth coupled with radical improvements in the Human Development Index (HDI) over the next two decades. The report emphasises that for India to take the Winning Leap and grow its GDP by 9% per annum to become a US$10 trillion economy, a concerted effort from Corporate India, supported by a vibrant entrepreneurial ecosystem and a constructive partnership with the government will play a critical role.

The report analyses that up to **40% of India's US$10 trillion economy of 2034 could be derived from new solutions** (as in Exhibit 1). The study stresses that '**The Winning Leap**' should not be limited to a new approach or solution but rather needs to be seen as a **'play-to-win' mind set** shift for industry leaders and the country overall.

"A young demographic, paired with a burgeoning middle-class that is digitally enabled; is a once in a lifetime opportunity for India to develop economically and socially," said **Mr. Dennis Nally, Chairman, PricewaterhouseCoopers International Ltd.** "India can only build shared prosperity for its 1.25 billion people by transforming the way the economy creates value. For India, to create 10-12 million jobs every year in the coming decades, corporations and entrepreneurs must work together to help deliver new solutions and build capabilities for growth."

The research suggests that Winning Leap solutions from private sector fall within three broad categories:

1. **Fierce Catch-Up** – This entails following traditional approaches or technologies to surmount challenges, but at an accelerated pace. For example: Improving energy transmission and distribution efficiency

2. **Significant Leap** – This involves adopting new or different approaches or technologies, which may have been developed elsewhere but would also work in India. For example: Shifting from coal-based power generation to nuclear or solar energy

3. **Leapfrog** – This represents a radically different approach - a paradigm shift - that entails applying a new and potentially disruptive business model. For example: Moving from central to distributed power generation

According to the report, if each sector of the Indian economy executes solutions drawn from all three categories, it will expand fivefold and can achieve 9-10% sustained economic growth over the next 20 years in a resource efficient manner.

"Corporations alone can't fuel growth and innovation needed to power India's Winning Leap, and hence the entrepreneurial sector must also play a major role as they possess qualities critical for developing innovative solutions, the willingness to take risks, an aptitude for fast decision-making, and bold leadership," said **Deepak Kapoor, Chairman, PwC India**. "The government also needs to extend support by creating national platforms that enable this growth and improving the ease of doing business index. For instance, immediate changes that could be harvested could be in areas like ease in starting a company and in paying taxes."

The report investigates **10 sectors**; viz. education, healthcare, agriculture, retail, power, manufacturing, financial services, urbanisation and enabling sectors such as India's digital and physical connectivity. Together, these sectors constitute over 70% of India's GDP. For each sector examined, a key metric with which to assess growth performance was defined - a "vector of growth" (as in Exhibit 2.). The report states that each of the sectors face challenges whose resolution will require new and scalable solutions that are resource efficient and environmentally sustainable. Moreover, all of these sectors are interconnected and hence a setback in one spawns setbacks in others and vice-versa.

Shashank Tripathi, Partner and Strategy Leader at PwC India said, "The report stresses that linear growth in each sector would not be enough to meet the growth ambition envisioned for India. Given the complexity and scale of the challenges facing India, the resources required, and the urgency of demands for change coming from Indian citizens, sector players must deploy solutions that deliver non-linear growth. For instance, a Winning Leap approach that increases 'Average years of schooling' from 7 to 10 by 2034 could save the education sector US$ 170 billion in cumulative investments. This can only happen when innovative solutions such as mEducation, amongst others, receive wide scale adoption, investment and execution."

To enable such non-linear growth and to have a 'play to win' approach in this new economy of tomorrow, organisations must focus on five key themes which should form the basis of their capability building measures and investments:

- Serving informed and empowered customers
- Creating flexible and adaptive operating models
- Drawing on non-traditional resources and partnerships
- Adapting a growth and innovation mindset
- Focusing on accountability, integrity and sustainability

Three Economic growth scenarios

With data and modelling from Oxford Economics, the report defines three possible economic growth scenarios for India, each hinging on different strategies and achievements that could come from corporations, entrepreneurs, and Government, and each reflecting a different focus for investment:

- **Scenario 1: Pushing old ways faster** outlines a focus on investment in education, health, and other dimensions related to human capital. The analysis suggests that in this scenario, India's GDP could see a 6.6% compound annual growth rate (CAGR) between now and 2034.

- **Scenario 2: Turbocharging investment** outlines the impact of rapid and significant investment in physical infrastructure and envisions a 7.0% CAGR for GDP leading up to 2034.

- **Scenario 3: The Winning Leap** includes investment in both human and physical capital as per the previous two scenarios but also focuses on investment in R&D and innovation and envisions a 9.0% CAGR for GDP by 2034. This scenario forecasts the most aggressive growth and is the only scenario which will generate the 240 million new jobs India's growing demography needs. This is supported by a massive transformation in the investment outlook and productivity metrics in India, supported through significant investments (domestic and foreign) and research and development.

Notes to the Editor:

What is The Winning Leap?
Breaking new ground by deploying solutions for rapid, sustainable, and resource-efficient growth; A play-to-win approach by young and growing nations seeking a radically different development path; A phrase denoting small steps by millions of people that can culminate in a giant leap forward for their nation; A phrase that citizens, entrepreneurs, business leaders, investors and government leaders associate with a 'once-in-a-lifetime opportunity' to lift millions into prosperity; An approach that industry leaders can use to build new capabilities for profitable growth; A state of mind focused on possibilities while recognizing roadblocks in solving a wide set of challenges facing a nation.

Research Methodology
The research methodology comprised interviews with about 80 leaders in India and abroad, workshops with sector leaders, insights from academic and economic specialists, and an online survey completed by more than 1,500 people. The research started with an analysis of other countries that have embarked on a similarly ambitious growth journey, including exemplars from middle-income countries in Asia and Latin America.

Exhibit 1: How new approaches could contribute to India's economy

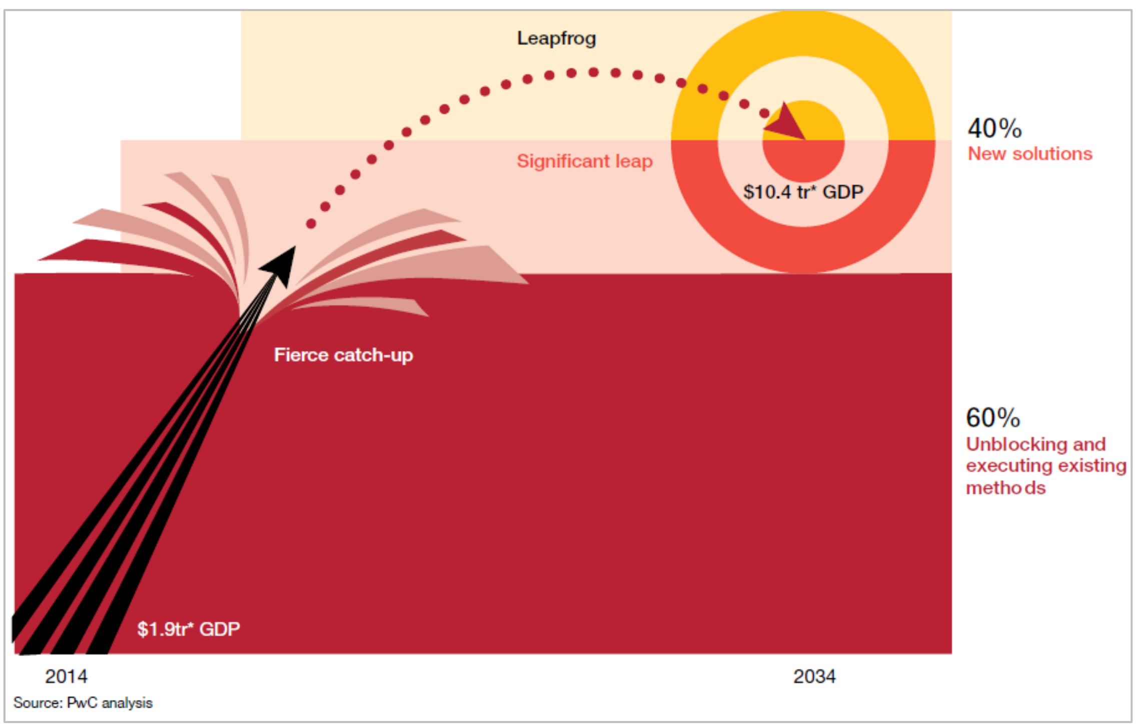
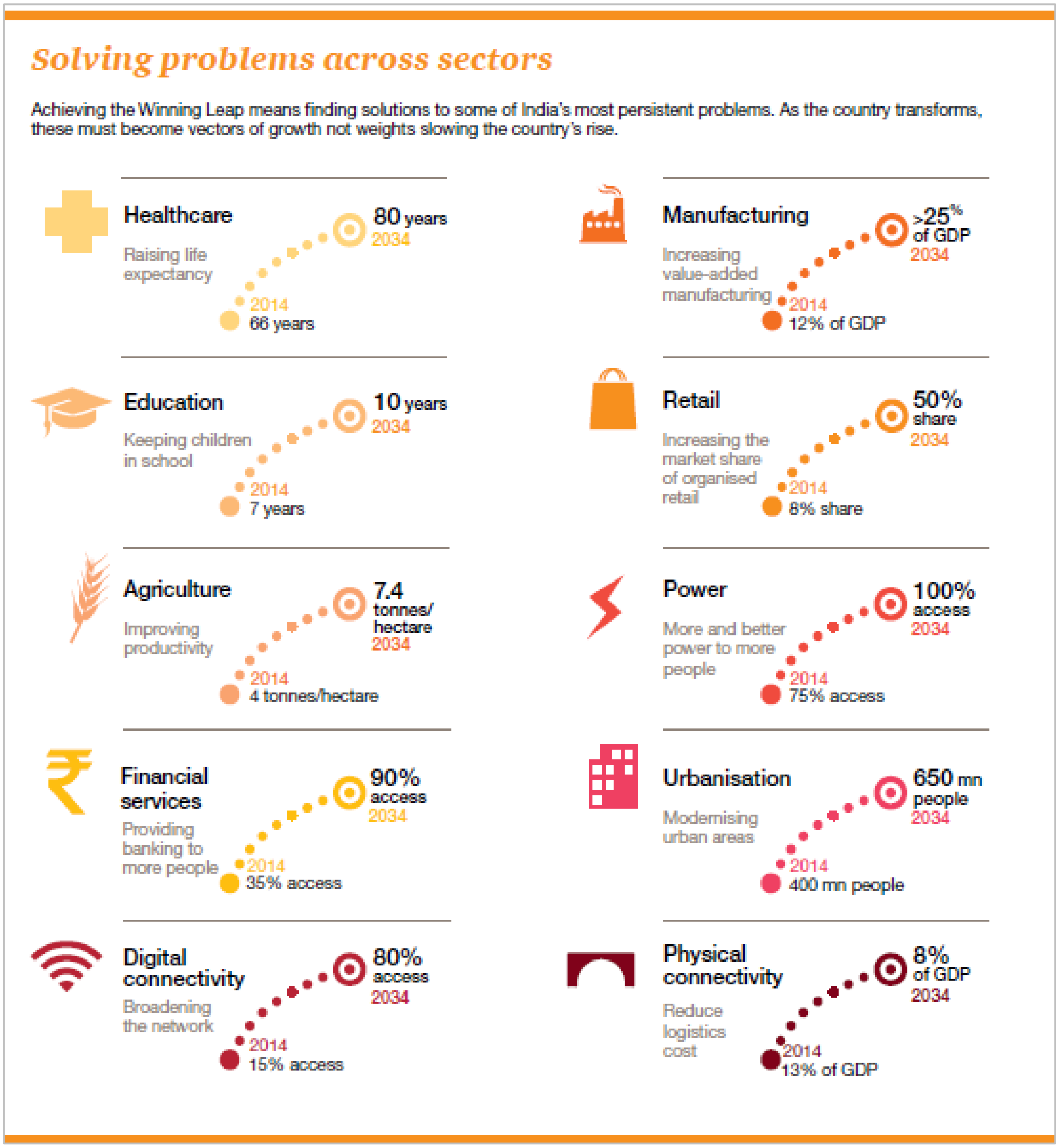


Exhibit 2: Solving problems across sectors



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