

# President's Message

**Friends,**

***“Leadership is not about the next election, it's about the next generation...”***

India is on an upward ascent towards becoming a global superpower. In times of these economic developments, we are gearing up for the high stake elections, which work as a seal of authenticity of India's democracy, an institution of immense scale and complexity. Given PHD Chamber's pivotal role in mediating between Industry and Government and with 2019 general elections around the corner, the Chamber presented an Economic Agenda to the political parties for creating more than 100 million jobs over the next five years through a seven-pronged strategy. This includes smart farming, boosting industrialization with Artificial Intelligence and Industry 4.0, ease of doing business for MSMEs, revitalizing exports, exploring tourism potential, providing quality education with skill development and inclusive health for all to enhance socio-economic development of the country. The enhanced economic activity has potential to push the fiscal growth trajectory by at least two percentage points in the next five years.

The Chamber opines that one of the most important low hanging fruit is India's tourism sector. Tourist inflows could be scaled-up by granting free tourist visas with one year validity and double entry permission; wide-body aircraft with direct flight routes to several destinations and privatization of road, rail and port development. This will not only increase investment and employment in sectors such as aviation, transport, railway, hospitality, hotels, restaurants, travel-organizers but also skill development institutes. The tourism sector has the potential to create more than 40 million new jobs over the next five years.

We further recommend that the new government must explore Smart Farming to shift disguised unemployment from traditional agriculture to agro and food processing exports and set up such clusters. Agro and food processing exports are expected to rise to US\$ 100 billion in the next five years and will provide jobs to 20 million people. The government will need to work towards easing market regulations to sell farm produce across the country and thus help farmers get the best price. Using innovative ways to encourage and streamline farming activities and strengthening access to credit for long-term loans will help to enhance farmers' income and productivity. This shall also revitalize exports by steadfast improvement in logistics infrastructure and trade facilitation, showcasing the possibility of creating more than 10 million new jobs in the next five years in the sector.

India also has a robust start-up scene, which reportedly has more firms than anywhere else in the



**Rajeev Talwar**

world except for the US and the United Kingdom. We view that these budding enterprises along with our MSMEs are a gold mine to create employment for more than 25 million people, with improved ease of doing business, organized labor laws, availability of land and low-cost financing facilities.

Having said this, I must applaud that as the Fourth Industrial Revolution (Industry 4.0) unravels globally, India has a key role to play. As aptly quoted by PM, Narendra Modi, “Our diversity, our demographic potential, fast-growing market size and digital infrastructure have the potential to make India a global hub of research and implementation.” India's transformative journey of Industry 4.0 is evolving fast to tackle the disruptive changes that industries may encounter in the next decade. As opined by our Prime Minister, this fusion of physical, digital and biological spheres towards technological transformation of global production systems using tools of Artificial intelligence, machine learning, Internet of Things, block chain and big data holds potential to take India to new heights.



India boasts of a large and diverse manufacturing sector that generates 17% of India's GDP and provides 15% of total employment. With adoption of Industry 4.0, an incremental rise in hi-tech manufacturing can be visualized, thus increasing the share of digitized manufacturing to 25% by 2022.

Going further, I opine that the concept of 'Industry 4.0' is going to change the way India manufactures, designs and refurbishes products. With the help of Artificial Intelligence and robotics, new ideas will be used to build model patterns and quickly convert into mass products. Concepts such as dark factories in the services and manufacturing sector, entirely run by robots with no need for artificial light, is no longer science fiction but indeed a reality. One could simply close the door and leave your army of programmed robots to get on with the job in your dark factory, ensuring precision, accuracy and safety.

By embracing Industry 4.0 across functions such as manufacturing, supply chain, logistics and procurement, Indian companies will be able to enhance their operating profits. Small and medium-sized enterprises will have the advantages of speed and agility needed to deal with disruption and innovation. Initiatives such as 'Make in India' along with 'Skill India' and 'Digital India' have further provided burgeoning opportunities for us to leap-frog to the next level of development by identifying their comparable advantage across sectors and value chains and preparing for the future.

Further, the 'Start-up India' program and other taxation and Intellectual Property Rights based reforms have sparked global optimism about India's manufacturing sector and improved investors' confidence along with increasing private consumption. This is evident by the increase in investment activity by 12.2 percent during 2018-19 versus 7.6 percent in 2017-18 with indications of further strengthening as benefits of recent policy changes begin to fructify.

It is obvious that with fast changes in technology, the current manpower skills might become obsolete but as demand grows, so will opportunities. In this context, constant up-gradation of skills, innovation frameworks and policy frameworks of the current workforce will

be required to take on new work responsibilities. This requires close interaction between academia and industry. High-end educational/research institutions will be needed to be set-up with inputs from industry so that they can interact with each other and bring new custom-made products as per changing requirements. Also, government initiatives to develop relevant skills, technical & vocational training programmes and enhanced public-private collaborations will allow India to reap the benefits of its unique demographic dividend.

I further recommend that to make Industry 4.0 a success for Indian industry, we need to build a more robust institutional framework. Indian firms would need to upgrade their technologies, production processes, product quality and related employee skills to meet the requirements of Global Value Chains. Globally accredited testing laboratories need to be set up to quality check products and technologies. In sync with this, the Chamber's programs such as 'Industry 4.0 Global Summit, Smart HR 4.0' and the PHD-KAS Cooperation Projects are playing a nodal role in imparting awareness about future skill requirements, enabling Indian MSMEs to adjust to the new skill requirements of Industry 4.0.

To continue the growth journey and take India to greater heights, I fully concur with Hon'ble President of India, Ram Nath Kovind's recent statement, "We need to ensure that innovative ideas mature into sustainable enterprises to maximize the innovation's benefit to society and the nation. May every innovation inspire another – and may the innovation journey continue." Let me conclude by saying that I envision that winners will be those who are able to partake in innovation-driven ecosystems by providing new ideas, business models, products and services and convert it into national and global opportunities.



**Rajeev Talwar**  
President, PHDCCI



***“The vision of Industry 4.0 is for “cyber-physical production systems” in which sensor-laden “smart products” tell machines how they should be processed. Processes would now govern themselves in a decentralized, modular system. Smart embedded devices start working together wirelessly either directly or via either the Internet ‘cloud’ – the Internet of Things (IoT) – to once again revolutionize production. Rigid, centralized factory control systems give way to decentralized intelligence as machine-to-machine communication hits the shop floor. This is the Industry 4.0 vision of the Fourth Industrial Revolution”. John Donovan***