TOMORROW'S VISIONARIES (L TO R): Nimesh Shah, MD & CEO, ICICI Prudential AMC; Khurshed Daruvala, MD, Sterling & Wilson; Abhishek Lodha, MD, Lodha Developers; Alokesh Bhattacharyya, ET (moderator); Sunil Sood, MD & CEO, Vodafone India; Deepak Iyer, MD, Mondelez India; K.K. Maheshwari, MD, UltraTech Cement; Raj Kalady, MD, Project Management Institute (PMI), India

MANAGING THE FUTURE

What will a young-at-75 India look like in 2022? What should it look like? And how do we get there? These critical questions are taken on with intensity at a closed-door roundtable of top leaders in Mumbai

Debashish Mukerji

To discuss this critical issue, The Economic Times and Project Management Institute, India, is organising a series of roundtable meetings of leading CEOs on 'India at 75: Opportunities and Challenges'. The first deliberation, held in Mumbai, had six company heads attending - Nimesh Shah of ICICI Prudential AMC, Khurshed Daruvala of Sterling and Wilson, Abhishek Lodha of Lodha Developers, Sunil Sood of Vodafone India, K.K. Maheshwari of UltraTech Cement and Deepak Iyer of Mondelez India - along with Raj Kalady, Managing Director, PMI India.

The meeting started off with Shah of ICICI Prudential saying that public participation in the capital market, especially mutual funds, was bound to rise. Here's why: "NBFCs and microfinance institutions focused on the lower strata of society are doing well, despite the challenges of the last three to five years. In the next five years, as automation increases in our industry and operating cost per transaction goes down, this section will become much more viable for us."

Daruvala of Sterling and Wilson noted that the Indian power scenario had undergone seminal change. "We've transformed as a country, we're power surplus for the first time - transmission and distribution aside," he said. With the cost of solar power falling dramatically, he had no doubt that renewable energy was set to rule the future. At the same time, he sounded a warning note that renegotiation of power purchase agreements or PPAs between producers and distribution companies (discoms) could spell disaster for the sector. "If that choice (renegotiating tariffs or refusing to take agreed power) is left to a discom, as a country we lose face. It has happened to Spain, which was leading the solar boom at one stage. Soon as they renegotiated PPAs, global investors lost confidence in the country."

Lodha of Lodha Developers felt the construction industry had gathered strength and credibility in recent years, which would be consolidated over the next five. "There is a significant directional change in the industry with the larger, more credible players getting the sales and therefore moving the industry towards a more credible platform," he said. "The passing of the Real Estate (Regulation and Development) Act (RERA) is going to further speed this up."

Sood of Vodafone believed that while the telecom revolution was now a given, the sector needed to focus on digital connectivity. "Around 5 lakh out of the 6 lakh villages of India now have mobile phones," he said. "But only 25 per cent of our population is digitally enabled. I think it will go up to 50 per cent in the next five years, but we need to take it even higher."

Maheshwari of UltraTech Cement said he believed that India, already the world's seventh largest economy, could well become the fourth largest - after only the US, China and Japan - in the next five years, surpassing the UK, France and Germany. "We can do it if we make some effort," he said.

Iyer of Mondelez felt that the fast-moving consumer goods (FMCG) sector was on a roll and would continue to remain so for the next five years. "No doubt, there are challenges but I think the macro-economic indicators - the growth rate, foreign exchange reserves, inflation - will remain stable," he said. "There's the ever-rising affluent middle class, hence higher consumption, higher discretionary spends, higher urbanisation, and higher participation of women both in society and in business."

PMI Project Management Institute

All participants agreed that the main challenge of the next five years would be job creation. "There are one million people coming into the job market every month," said Sood. "Currently, our GDP is growing at 7-7.5 per cent, but to be able to get these guys' employment, we need 9 per cent plus growth and that's critical." As it is, automation is gobbling up jobs, but could not be resisted either, if industry was to remain competitive. Ways to meet the challenge, however, could also be thought of. "Automation threatens us, but I see it as an opportunity," said Kalady of PMI. "In some ways it is similar to the way mobile telephones came to India and helped us leapfrog technology." Sood believed a greater emphasis on services would help. "We know services need more human beings to execute the work," he said. "Just as we have a 'Make in India' programme, we should have one for services as well."

Lodha felt strongly that job creation was impeded because job creators were not respected enough. "As a nation, especially after liberalisation in 1991, we have evolved towards a capitalist society at the individual level, but at the social level we are still extremely socialist-minded," he said. "We have to decide whether as a society, we will celebrate job creators or whether we must pull them down for every small 'mistake'."

Another vital issue is the need to improve project execution. "There are a lot of opportunities, but the challenge primarily lies in how, once taken up, projects are executed," said Maheshwari. The ad hoc approach would have to be abandoned. "The problem is that half the time people don't plan, they jump into action on a project and correct course as they go along," said Kalady. "We produce sufficient food to feed our population but thousands go hungry. Why? Because we are unable to provide them timely access to food. India has the second largest road network in the world after the US, but connectivity remains poor because thousands of kilometres of roads are in dire need of repair and upgradation." Kalady went on to point out that India has the resources, talent, business optimism and political will to take the leap forward. "But are these enough to achieve the outcomes we want? Instead of celebrating one success, can we make success a habit? Yes, we can and the answer is project management. Project management is the bridge between vision and successful outcomes. India@75 needs cities that are more liveable; remove the urban-rural divide with better access to energy, telecom, healthcare, banking in rural areas; drastically improve connectivity with better roads, rail network, ports, airports; and make digital a way of life, whether it's e-governance, e-banking or e-retail. This vision of India@75 will materialize only when we see consistency in the project success rate across project sizes, sectors and regions. For that we need to develop more project talent. PMI's Job Growth and Talent Gap 2017-2027 report published earlier this year said that India will require seven lakh additional project professionals every year till 2027."

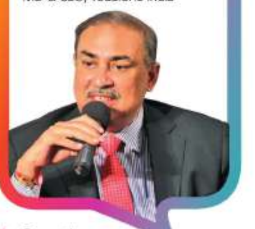
There was consensus that the state would have to set a great deal right to achieve consistent double-digit growth. Sood revealed his disappointment with the government's attitude to telecom, despite the way it had transformed the country. "Every time there is a budget shortfall, it will do a spectrum auction," he said. What could the government do for telecom? "A simple matter would be making it compulsory for all roads to have ducts alongside," said Sood. "The ducts could carry not only optic fibre for telecom, but also gas pipelines and power lines. The rent the government would get for use of that fibre would easily cover the extra cost. Digitally connecting homes would then take minutes."

Daruvala expressed frustration with legal delays: "Work culture suffers, as people become casual in their approach to contracts and standards." Shah rued the excessively stringent KYC (Know Your Customer) stipulations imposed on those seeking to enter the capital market. "Of, say, 100 people who visit the ICICI Prudential website to open a capital market or mutual fund account, barely two are able to do so because the KYC requirements are so rigorous," he said. Many noted that the divergent approaches of the Centre, the states and the local bodies were big hurdles in executing projects. "There is a lot of positive thinking at the Centre, but the same vision is not transmitted to the states, not even the BJP (ruled) states," said Sood.

Clearly, there's a lot of work to do.

For feedback on this page, contact alokesh.b@timesgroup.com

SUNIL SOOD
MD & CEO, Vodafone India



- Currently, our GDP is growing at 7-7.5%, but to be able to generate employment for the 1 million people coming into the job market every month, we need 9% plus growth
- A lot of manufacturing is going towards automation - we're killing a lot of existing jobs. Services need human beings to execute the work. Therefore, just as we have a 'Make in India' programme, we should also have a services vision

K.K. MAHESHWARI
MD, UltraTech Cement

- If we play our game right, we can be the fourth largest economy in the world and I think that should be our endeavour when we celebrate our 75th birthday five years from now
- You find opportunities opening up at all places. The challenge will lie in effective project execution. That is what is required to take this country's growth rate to 9%

RAJ KALADY
MD, PMI India

- The most important thing is being able to create jobs and provide the right skills to people to do those jobs
- The government has put in some great plans, thoughts and initiatives. What we need to do is to ensure we convert these through effective and systematic project execution and get desired benefits out of them

DEEPAK IYER
Managing Director, Mondelez India

- Over the next five years, the macros will remain stable - GDP, forex, inflation - so our outlook stays positive. We are also bullish on the efforts behind developing infrastructure, healthcare
- The demographic opportunity is huge for FMCG - rising affluent middle class, hence higher consumption, hence higher discretionary spends, higher urbanisation and higher participation of women both in society and in business

ABHISHEK LODHA
MD, Lodha Developers

- Consistently high economic growth is not a given. It is only possible if the nation decides that it has to support job creation and respect job creators
- A huge amount of future success, economic or otherwise, will go to those companies, countries and individuals who can cope with the ever-increasing pace of change of information

NIMESH SHAH
Managing Director & CEO, ICICI Prudential AMC

- One of the biggest opportunities will be for NBFCs or microfinance institutions, which have shown that despite challenges, they remain a very good and evolving sector
- As more and more automation happens and operating cost per transaction falls, the lower strata of society is becoming a much more viable section.

KHURSHED DARUVALA
Managing Director, Sterling & Wilson

- Most of the spending so far seems to be by public sector companies, but we are hoping that once the NPA issue is resolved, private sector investment will also come
- In the next 10-20 years, you will see an industrial revolution taking place, because of falling storage costs in solar energy