

# 'India is Better Placed to Weather Shocks, Pandemic Lessons to Help'

India Inc is more resilient and agile, and strong domestic consumption will also help: CXOs

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& Lijee Philip

**Mumbai:** India Inc is increasing its agility and adroitness to face challenges expected in 2023 from a global recession and Covid worries from China head-on, by digging into the lessons the pandemic taught them on building resilience, corporate chieftains said.

India is in a better growth trajectory with strong domestic consumption and confidence, and many companies are re-strategising to derive faster local growth and parallelly tap opportunities to increase their participation in global manufacturing, they said. But some are also worried about the impact of external factors on their revenue growth.

It goes without reasonable doubt that the Indian economy is doing better than the rest of the world, said Confederation of Indian Industry president Sanjiv Bajaj. "With our major export destinations such as the US and EU expected to witness a growth slowdown next year, many of the major Indian companies have diversified their external market away from these economies to some extent, which will, in turn, help to preserve their top-line growth," said Bajaj, who is also chairman of Bajaj Finserv. "In addition, the economic fragility of China and the Russia-Ukraine war have emphasised upon the corporate sector to lay increased focus on building optimised and resilient supply chains."

Both policy makers and CEOs are gearing up to ensure that India becomes a strong contender for participating in the China-plus one strategy of global majors, said Sumant Sinha, chairman of ReNew Power and president of industry body As-

## Guard Up

**SANJIV BAJAJ,**  
President, CII  
Many Indian cos  
diversified  
away from  
US, EU

**SUMANT SINHA,**  
CEO, ReNew Power  
Free-trade  
agreements  
could help  
open some doors

**N CHANDRASEKARAN,**  
Chairman, Tata Sons  
Our rising share of  
global manufacturing to  
provide buffer against  
global shocks

**RED FLAGS:** Rising interest  
costs, high inflation and  
geopolitical strife

**EXTERNAL HEADWINDS:** Outflows of capital, spike  
in inflation, rise in interest rates, rupee volatility  
and anticipated uptick in current account deficit

Lukewarm  
sales of FMCG  
goods reveal  
a growing  
rural-urban  
divide

socham. "Free-trade agreements could help open some doors, but ensuring agility and competitiveness to increasingly operate in the global markets will be critical."

India is well-positioned to remain the fastest growing major economy, supported by increasing consumption, consumer confidence and investment, Tata Sons chairman N Chandrasekaran said. "While slowing global growth may act as a drag on output, our rising share of global manufacturing should provide some buffer and insulation," he said in a recent message to Tata Group employees.

While India may be among the better performing economies, being intrinsically linked with the global system would entail that the evolving international developments would leave an imprint on the local economy, said Bajaj.

While any escalation in global tensions may hurt the trajectory of India's economic recovery, CEOs seem more confident in the resilience of their organisations, as they have prepared themselves to make the

most of the current environment, brought on by the promise of technology and local talent.

According to CEOs, an imminent slowdown in global growth is widely expected due to an amalgamation of factors such as rising interest costs, high inflation and geopolitical strife. Outflows of capital, spike in inflation, rise in interest rates, rupee volatility and anticipated uptick in current account deficit, among others, are the outcome of external disturbances which have impacted India.

The pattern of festive sales also reflects a patchy recovery with well-off consumers indulging in aggressive buying even as the lower middle class are having to economise on their purchase. The lukewarm sales of FMCG goods also reveal a growing rural-urban divide.

Businesses have learnt to amend extra costs and optimise their resources, said Welspun Group chairman BK Goenka.

"Indian businesses are resilient to the world's economic challenges. Homegrown businesses are on a positive trajectory. At Welspun as well,

we are taking strategic initiatives towards our domestic market," he said. Domestic demand will remain strong and with a booming local economy, a global recession or Covid phase will not have a significant impact on India, Goenka added.

Not surprisingly, the International Monetary Fund and World Bank have lowered India's estimated gross domestic product growth to under 7% for the fiscal year 2022-23, with forecasts of a further fall in growth for 2023-24.

The biggest concern for CEOs in the prevailing highly uncertain external environment is a likely deceleration in the external demand as India's major export destinations are expected to see a slowdown.

Disruptions to exports are likely to lower economic growth and increase the trade deficit. Domestic demand though will be relatively healthy but will not be able to compensate for the slowing external demand, hence the corporate sector will see a compression in their revenue, Bajaj said.

CEOs are also utilising this opportunity to boost their productivity by investing in technological upgrades and investment in human capital. India lags global benchmarks in these two areas, hence a concerted effort to improve their performance in these will stand them in a good stead to face the global challenges, Bajaj said.

"With the reopening of China, supply chain challenges in the short term are likely to ease in 2023. Though the Covid virus keeps mutating, the world is mostly able to deal with the issue. The Ukraine-Russia war and looming recession in some of the key economies of the world remain challenges, particularly for the external sector," said Sinha, adding: "We need to be watchful."