



## India's US\$5 trillion goal: Insights from business leaders

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# Introduction

- Objective and methodology
- Respondent profile



# Introduction

## Objective

- Understand the economic outlook, growth factors, and impediments and their impact on the economy's growth.
- Assess the industry's viewpoint on initiatives, reforms, and trends.
- Understand technology adoptions, challenges, and support required by different industries.
- Capture the industry's sentiment and expectations for the next financial year.

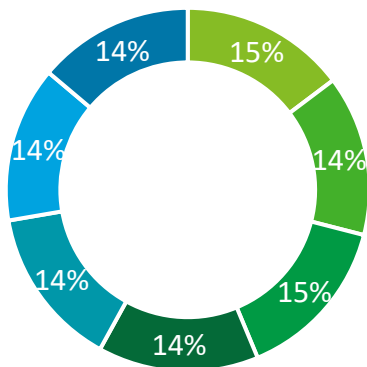
## Methodology

- We conducted online surveys with senior leaders across seven different industry verticals.
- We collated 230 responses from large and very large businesses.
- A large business has an annual turnover of INR250–3000 crore and very large businesses an annual turnover of above INR3000 crore.

The survey contained multiple select and single-select questions. The sum of the percentages of options of multiple select questions will be above 100 percent.

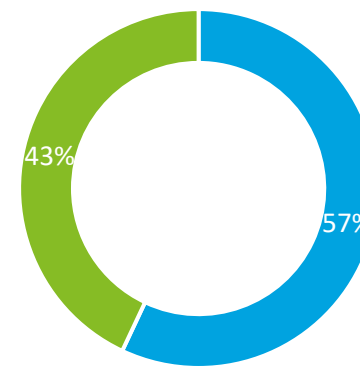
## Respondent profile

### Industry



- Automotives
- Consumer and retail
- Energy, resources, and industrials
- Financial services
- Government and public services
- Lifesciences and healthcare

### Turnover



- Large
- Very large

# Executive summary



# Deloitte – Point of View

This year's pre-budget survey had more extensive coverage, with a 30 percent larger respondent base compared with the previous year. Despite global headwinds, rising costs, and supply chain challenges, the survey uncovered a notably positive sentiment amongst industry leaders. Growth projections aligning the Indian economy's growth between 6 percent and 6.5 percent correlate with forecasts by national and international organisations .

This buoyant business outlook is supported by improving infrastructure, a robust bottom line, and initiating or concluding more trade agreements. These factors will create opportunities to increase access to markets and technology, drive investment, and improve the ability to navigate through trade barriers.

To materialise the country's ambitious goal of becoming a US\$5 trillion economy, pivotal announcements in Budget 2023-24 should centre around the following areas:

- 1) Skill development to boost industry growth:** The government-led skill development initiatives are poised to enable the transition of labour from the primary sector to the secondary and tertiary sectors. This shift will amplify the earning potential of those who are at the bottom of the economic pyramid. About half of the leaders surveyed (80 percent from the automotive, and consumer and retail sectors) highlighted that increasing retail spending in tier 2 and 3 cities, and digital consumption, will also contribute to 6-6.5 percent growth projections.
- 2) Foreign trade agreements:** Foreign trade agreements hold the promise of improving access to global supply chains and emerging technologies, along with ensuring investment flows. A significant majority (86 percent of the respondents) identify enhanced access to emerging technologies as a key benefit of entering into foreign trade treaties. Additionally, 72 percent and 65 percent of leaders expect better investment inflows and more opportunities to integrate with global supply chains, respectively.
- 3) R&D investments:** India's spend on R&D is about 0.7 percent of its GDP,<sup>1</sup> which is lower than that in developed economies, such as the US (3.45 percent), Japan (3.26 percent), China (2.4 percent), and Germany (3.14 percent). Additionally, 64 percent of respondents advocate for R&D support for local companies, while 57 percent underscore the significance of an effective Intellectual Property Rights framework to foster industry growth. To sustain the pace of economic growth, the government should consider allocating additional funds towards R&D to provide incentives to promote research activities at domestic companies and support global R&D services. Such strategic measures not only attract more investments to India but also increase competitiveness in the high-technology manufacturing sectors.
- 4) Stable taxation policies:** Stable tax policy and administration continue to be a key ask from businesses to ensure sustained business expansion and more foreign investments into the country. A consensus amongst over 80 percent of the leaders underscores the importance of tax certainty to foster the growth of both large and very large corporates. Furthermore, 85 percent and 82 percent of respondents, respectively, highlight the overarching impact of frequent tax changes on corporate strategies.

# Deloitte – Point of View

- 5) **Higher technology adoption:** There is a close connection between technological adoption and accelerated economic growth. Improved accessibility and government initiatives have led to a significant surge in digital technology adoption. More than 90 percent of businesses are adopting technologies such as AI, ML, IoT, (the most widely used include chatbots and virtual assistants, followed by ML algorithms) and other new-age technologies. However, a significant 62 percent underscores the need for clear regulations for using these technologies and suitable training for workforce. Illustrating the potential, advanced technologies offer avenues for growth and efficiency, such as automating tax filing, using blockchain for secure tax transactions, and digitising government processes.
- 6) **Improved public-private collaboration and financial instruments, and better credit access to MSMEs:** Amplifying synergy between the public sector and the private sector, especially in infrastructure development, digitisation, and skill development, promises to bolster the economy. About 67 percent of business leaders stated that collaboration between the two sectors can result in innovation within the industry. About 61 percent highlighted that improved access to financial instruments, particularly in the financial services, and the technology, media, and telecommunications industry, will also support industry growth. Empowering MSMEs and individuals with easy and streamlined credit is also vital for boosting the economy.
- 7) **Focus on sustainability and ESG:** Business leaders are eyeing the government to incentivise the production and consumption of renewable energy. All business leaders (100 percent) expect the government to prioritise investing in ESG strategies and initiatives. About two-thirds of industry leaders advocate for robust regulations to prioritise environmental sustainability.
- 8) **Boost the semiconductor manufacturing industry:** The semiconductor manufacturing industry (also as part of India's Make in India campaign) is crucial for the country's current and sustainable economic growth. About 70 percent of the leaders support a semiconductor industry growth plan, including a long-term policy set-up that encourages investments and R&D support for domestic companies. About 63 percent of the leaders in the technology, media, and telecommunications sectors highlighted the need for governmental assistance in establishing semiconductor manufacturing clusters and Special Economic Zones (SEZs).

## Source:

1. <https://www.businesstoday.in/entrepreneurship/story/economic-survey-2022-procedural-delays-low-rd-expenses-behind-indias-lesser-patents-320935-2022-01-31?onetap=true>

## Businesses – Point of view (1/2)

The industry expects more than 6 percent of economic growth rate for the current and upcoming fiscal years. This places India amongst the fastest-growing economies showing resilience despite inflationary pressure, supply chain challenges, and global headwinds.

### Economic growth outlook

- Most leaders maintain an optimistic view of the economy foreseeing a growth rate of 6–6.5 percent for the next fiscal year.
- As businesses assess their growth prospects, they recognise their inherent strength and adaptability that positions India for sustained economic growth.
- The elements fostering growth include ever increasing internet penetration, increased capex spending by the government, increased trade collaborations, lowering of logistics cost, government's targeted schemes, and policies to increase industrial production.
- Global headwinds and rising inflation stand out as impediments to growth.

### Industry's groove on its growth trajectory – a rhythm of progress

- India is set to emerge as a manufacturing hub, propelled by its dynamic workforce, domestic demand, and the government's emphasis on local production. This opens global opportunities for businesses, including MSMEs that are now unleashing their export capabilities and developing plans to be part of the global supply chain.
- Leaders anticipate significant growth in the semiconductor industry and seek help from the government for a comprehensive, long-term policy framework to attract investments in semiconductor manufacturing. This framework may include investment incentives and support for domestic companies' research and development to foster industry development.
- Businesses applaud the government's efforts on initiatives such as "Make in India" that promotes manufacturing, and the India-Middle East-Europe Economic Corridor (IMEC) that aims to build robust supply chain infrastructure to connect with major geographies for trade.
- The synergy between public and private entities stands out as a catalyst to provide momentum for growth.
- Businesses applaud the increased certainty in tax that also helped attract more investment. In addition, they yearn for tax predictability as they feel it will be a catalyst to foster growth.



## Businesses – Point of view (2/2)

### Stepping into the limelight, digital revolution, and AI seize the lead

- Digital advancements push and foster economic growth.
- A framework governing responsible and human-centric AI is often considered crucial by businesses for further growth. This emphasizes balancing innovation and regulation to develop a unique set of policies for AI.
- India's AI regulations seem to take the light-touch approach with a focus on safety, maximising opportunities, and minimising obvious harms to the society.
- Leaders focus on the need to support continuous research and development and training the workforce in using AI.

### Business buzz on the upcoming Budget in July 2024

- Although the final budget will be presented in July 2024 (after the general elections), a sense of heightened optimism prevails across sectors for the upcoming financial year.
  - Positive sentiment is fuelled by technological innovations, such as autonomous driving in the automotive sector, and the transformative effects of increasing online shopping trends and digital initiatives in retail.
- However, concerns about rising inflation and geopolitics keep some industries on a cautious footing.

### Key focus areas for the government for the next fiscal

- Leaders anticipate the government prioritising investments in ESG strategies and initiatives, with subsequent emphasis on technological innovations, infrastructure development, and skill enhancement.
- Businesses pointed out the necessity for continuous efforts in specific areas, such as policies around AI use and tax incentives for green finance products.
- More skill development initiatives, particularly in upskilling and nurturing talent in tier-2 and 3 cities, are needed.
- There is a widespread call for a focus on technological innovation, encompassing the digital transformation of government processes.

## Key takeaways – By sectors (1/2)

Key themes	Automotives	Consumer & retail	Energy, resources & industrials	Financial services	Government & public services	Life sciences & healthcare	Technology, media, & telecommunication
<b>India's economic growth outlook</b>	50% Between 6 and 6.5%	66% Between 6 and 6.5%	44% Between 6 and 6.5%	45% Below 6%	48% Below 6%	53% Below 6%	47% Between 6 and 6.5%
<b>Factors that affect India's growth in the next fiscal year</b>	Government incentives and subsidies	Government incentives and subsidies	Stability in oil pricing	Government incentives and subsidies	Government incentives and subsidies	Technological adoptions	Technological adoptions
<b>Reforms/incentives act as impetus to industry</b>	Improved public-private partnership	Improved public-private partnership	Better credit availability for MSMEs and individuals	Improved financial instruments	R&D funding and research-linked incentive	R&D funding and research-linked incentive	Improved financial instruments
<b>Impediments to the growth of industry</b>	Frequent taxation changes	Rising inflation, labour costs, and skill gaps in the workforce	Rising inflation and labour costs	Frequent taxation changes	Rising inflation and labour costs	Environmental concerns and sustainability issues	Frequent taxation changes
<b>Steps to position India as a prominent manufacturing destination*</b>	Strengthen logistics and last-mile connectivity.	-	Enable access and implementation of new-age technologies.	-	-	-	Enable access and implementation of new-age technologies.
<b>Areas to focus to reinforce the supply chain*</b>	Strengthen the supply chain and new policies to support domestic manufacturing.	-	Invest in infrastructure.	-	-	-	Strengthen the supply chain and investments in infrastructure.
<b>Additional government support/initiatives to boost the semiconductor industry*</b>	Create a comprehensive, long-term policy framework with investment incentives.	-	Promote R&D for domestic companies and support global R&D services.	-	-	-	Establish semiconductor manufacturing clusters and SEZs.

## Key takeaways – By sectors (2/2)

Key themes	Automotives	Consumer & retail	Energy, resources & industrials	Financial services	Government & public services	Life sciences & healthcare	Technology, media, & telecommunication
<b>Increasing use of AI and Gen AI tools</b>	94%	91%	85%	94%	94%	88%	97%
<b>Extensive use of AI/Gen AI tools in industries</b>	56% followers	59% followers	44% followers	52% followers	48% initiators	44% followers	53% followers
<b>AI technologies and automation tools that have been implemented</b>	Machine learning algorithms	Machine learning algorithms	Machine learning algorithms	Chatbots and virtual assistants for customer service and support	Chatbots and virtual assistants for customer service and support	Chatbots and virtual assistants for customer service and support	Chatbots and virtual assistants for customer service and support
<b>Strategies in place to use AI advancements effectively</b>	Skilled workforce	Data quality and availability	Continuous R&D	Data quality and availability	Continuous R&D	Continuous R&D	Continuous R&D
<b>Focus for the government to advance AI adoption</b>	Provide funds for advanced research and development in this area.	Regulate the use of AI to ensure ethical behaviour (on data and methods) is strictly followed.	Provide funds for advanced R&D in this area.	Provide funds for advanced R&D in this area.	Provide funds for advanced R&D in this area.	Help develop infrastructure/centralised data centres for the industry.	Provide funds for advanced R&D in this area.
<b>Positive outlook for the upcoming Union Budget</b>	74%	66%	59%	52%	45%	44%	59%
<b>Policies/initiatives to support sustainability objectives</b>	Renewable energy subsidies	Renewable energy subsidies	Renewable energy subsidies	Green bonds and financing	Renewable energy subsidies	Renewable energy subsidies	Renewable energy subsidies

## Key takeaways – By business size (1/2)

Key themes	Large	Very large
India's economic growth outlook	48% Below 6%	45% Between 6 and 6.5%
Factors that affect India's growth in the next fiscal year	Government incentives and subsidies	Technological adoptions
Reforms/incentives act as impetus to industry	Improved public-private participation	
Impediments to industry's growth	Rising inflation and labour costs	Frequent tax changes
Steps to position India as a prominent manufacturing destination	Enable access and implementation of new-age technologies	
Areas to focus to reinforce the supply chain	Strengthening the supply chain	New policies to support domestic manufacturing and production
Additional government support/initiatives to boost the semiconductor industry	Create a comprehensive, long-term policy framework with investment incentives, promote R&D for domestic companies, and support global R&D services.	Create a comprehensive, long-term policy framework with investment incentives.

## Key takeaways – By business size (2/2)

Key themes	Large	Very large
Leveraged AI and Gen AI tools	91%	93%
Extensive use of AI/Gen AI tools in industries	45% followers	57% followers
AI technologies and automation tools that have been implemented	Chatbots and virtual assistants for customer service and support	Machine learning algorithms for predictive analytics and recommendation systems
Strategies to use AI advancements effectively	Continuous R&D	
Focus area for the government to advance AI adoption	Provide funds for advanced R&D in this area	
Positive outlook of the upcoming Union Budget	45%	73%
Policies/initiatives to support sustainability objectives	Renewable energy subsidies	

# Survey findings

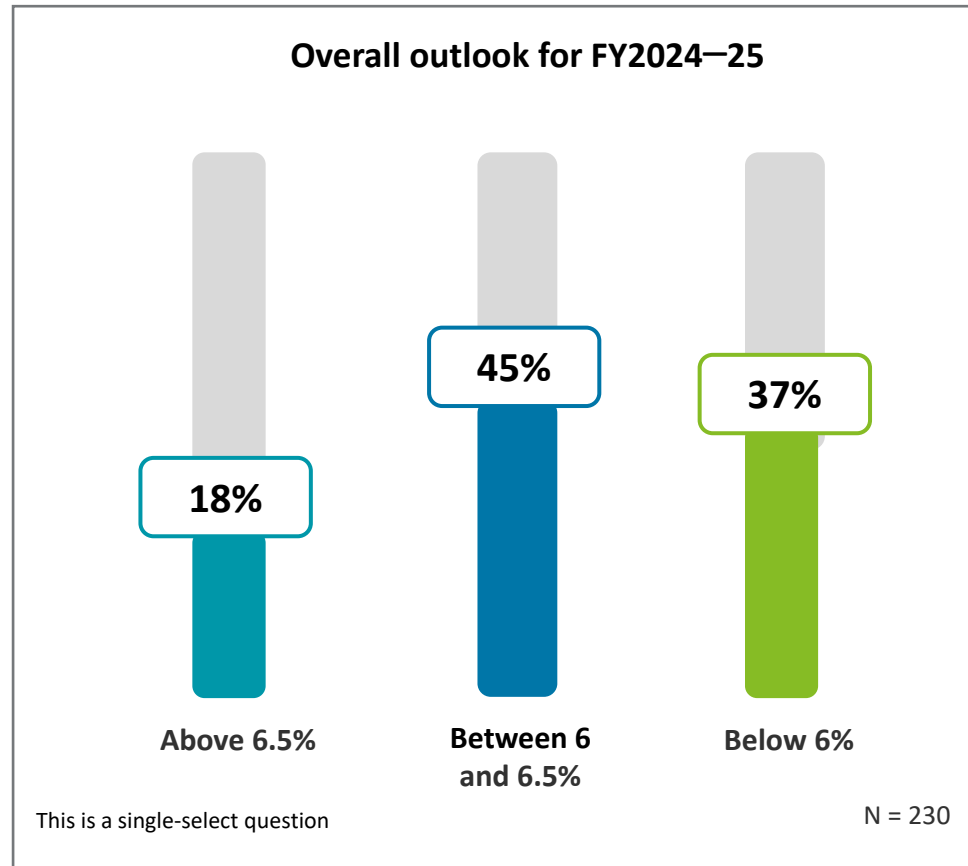
As India prepares for another year of dynamic economic expansion, a convergence of collaborative endeavours is evident, wherein governmental initiatives, the adaptability of industries to digital transformation, and the strategic use of global trade engagements coalesce. With the identification of roadblocks, there exists a robust collective determination that portrays an economic landscape positioned for growth, resilience, and technological evolution.

- Economic growth outlook



~50 percent leaders anticipate a 6–6.5 percent growth rate for India in FY25, marking the third consecutive year of the fastest growth amongst major economies.

About 20 percent of businesses foresee more than 6.5 percent economic growth.



#### Rationale for growth rate above 6 percent

- Leaders cite a plethora of factors including the following:
  - Shift in consumer preferences, coupled with an increase in consumer goods and retail spending, especially in tier-2, and tier-3 cities, supporting a positive outlook
  - Anticipated increase in internet penetration and digital consumption
  - The government’s focus on skill development aims to boost industrial growth and shift workers’ focus from agriculture to manufacturing and services to generate income at the grassroots level in India

#### Rationale for growth rate below 6 percent

- Leaders cite rising inflation rates, supply chain challenges, and global headwinds as major reasons.

Question: What is your outlook for India’s economic growth in FY 2024-25?

~80 percent leaders in automotive and consumer and retail anticipate a growth rate of more than 6 percent.

Conversely, the financial services, life sciences and healthcare, and government and public sectors exhibit a more cautious outlook and anticipate a growth rate of less than 6 percent.

Overall outlook for FY2024–25	Automotives	Consumer & retail	Energy, resources, & industrials	Financial services	Government & public services	Life sciences & healthcare	Technology, media, & telecommunication
Above 6.5%	29%	13%	21%	12%	21%	13%	19%
Between 6 and 6.5%	50%	66%	44%	42%	30%	34%	47%
Below 6%	21%	22%	35%	45%	48%	53%	34%

This is single-select question

N = 230

#### Automotive leaders

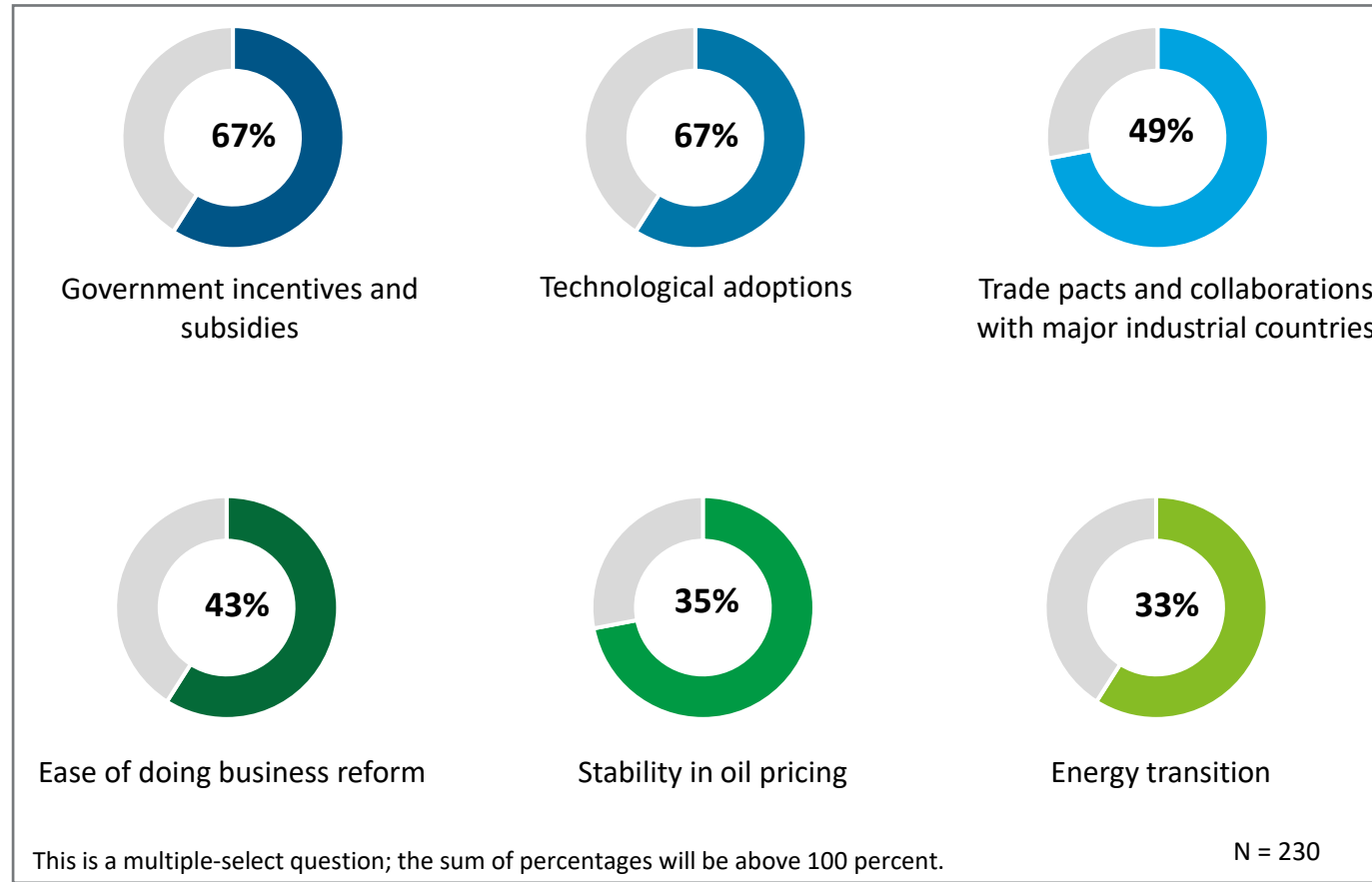
- Automotives remain more positive about economic growth, citing factors such as intelligent automation in manufacturing and increased investment towards sustainable technologies, coupled with strong demand in tier-2 and tier-3 cities.
- Consumer and retail are banking on increasing consumer spending and shift in consumer preferences creating opportunities for innovators in the space. However, ~20 percent expect it less than 6 percent due to rising inflation and limited access to credit.
- On the contrary, energy, resources, and industrial businesses are seeking solutions to streamline supply chain issues and meet rising demand for renewable sources of energy while also tackling regulatory uncertainties.
- Financial services expect growth to be ~6 percent and below majorly citing aspects such as a tightening of liquidity by the RBI and reduced foreign investments.
- Government and public services perceive the increasing urbanisation to attract greater government investments in both digital and non-digital infrastructure developments.

Question: What is your outlook for India's economic growth in FY 2024-25?



# Government incentives, subsidies, and increased adoption of technology use cases to shape India's growth in the next fiscal year.

Businesses envision India engaging in trade collaborations with countries with high industrial growth to boost foreign investments.



- Most leaders (67 percent) depend on government support to enhance financial assistance and technology adoption to aid the country's growth trajectory.
- More than 50 percent of leaders from automotive, consumer and retail, and government and public services suggest that India should collaborate with countries with high industrial growth to have a better market positioning at a global scale.
- A noteworthy 63 percent of consumer and retail leaders, along with 58 percent of financial services leaders, mentioned that the proposed and ongoing reforms in the ease of doing business policy are likely to affect growth.
- More than 80 percent of leaders in energy, resources, and industrials emphasize the substantial effect of stable oil prices on economic growth.
- The energy transition journey is a priority for leaders and the country. However, the selection remains relatively low given the significance of other mentioned factors.

Question: In your opinion, what factors will affect India's growth in the next fiscal year?

# Survey findings

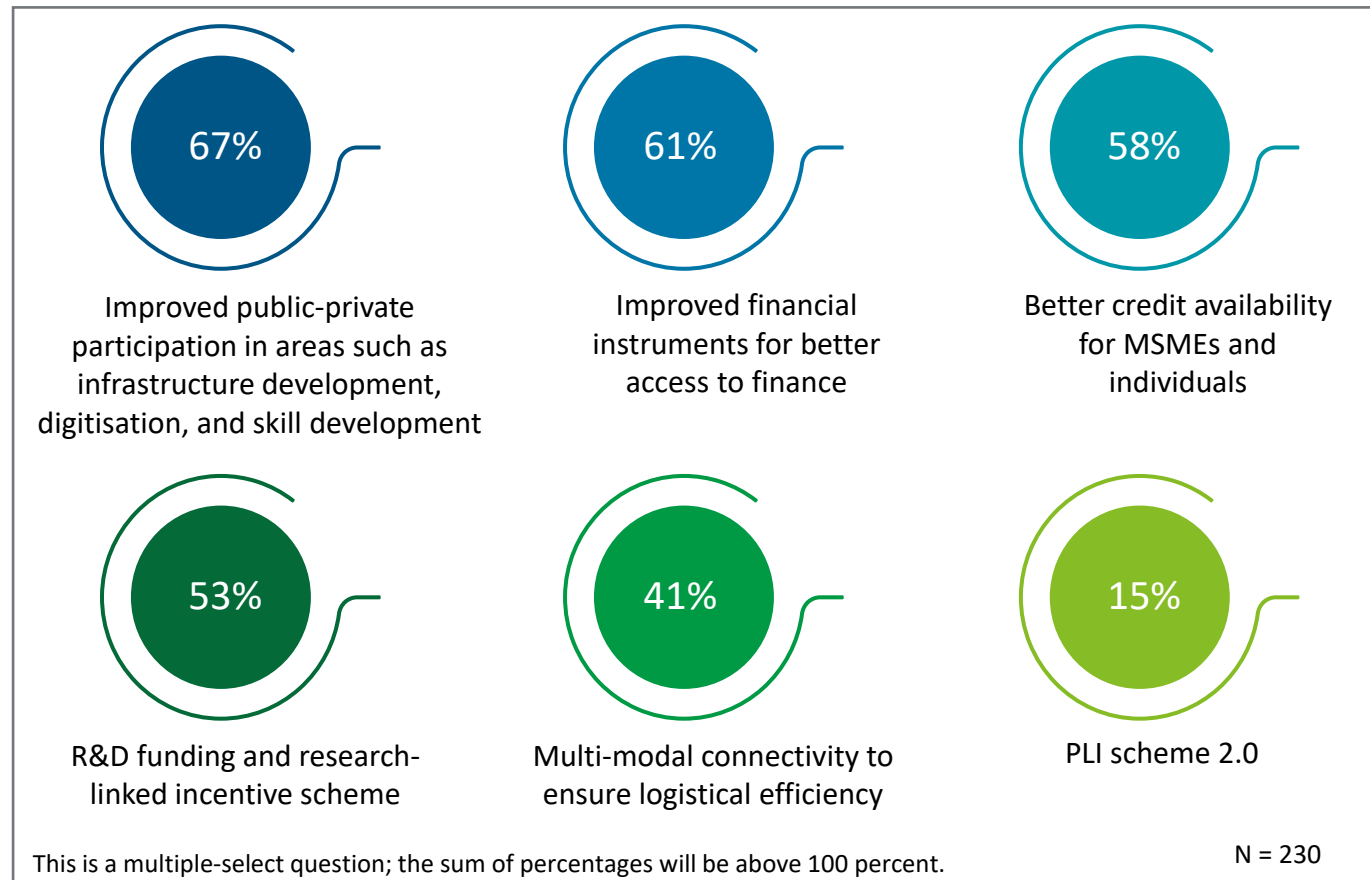
The trajectory of India's economic growth hinges on the formulation of steadfast industry strategies fostered through impactful collaborations between the government and the private sector. A prevailing sentiment within the industry underscores the crucial alignment of corporate strategies with stable taxation policies and with a pronounced expectation for process automation. Moreover, the industry demonstrates a collective recognition of the vital role played by policies such as renewable energy subsidies, green bonds, and incentives for electric vehicles. This industry-wide significance reflects an increasing demand for economic growth harmonised with sustainable and environmentally conscious goals.

- The industry's groove on its growth trajectory – A rhythm of progress
  - The Manufacturing and Semiconductor Powerhouse
  - Stepping into the limelight, digital revolution and AI seize the lead



# Public-private collaboration stands as the foundation for industry momentum, with 67 percent recognising its pivotal role in fostering industry growth and development.

Despite the effective execution of the PLI scheme, PLI scheme 2.0 has a participation rate of 15 percent, indicating a moderate uptake. This underscores the need for a change in approach to enable faster industry development.

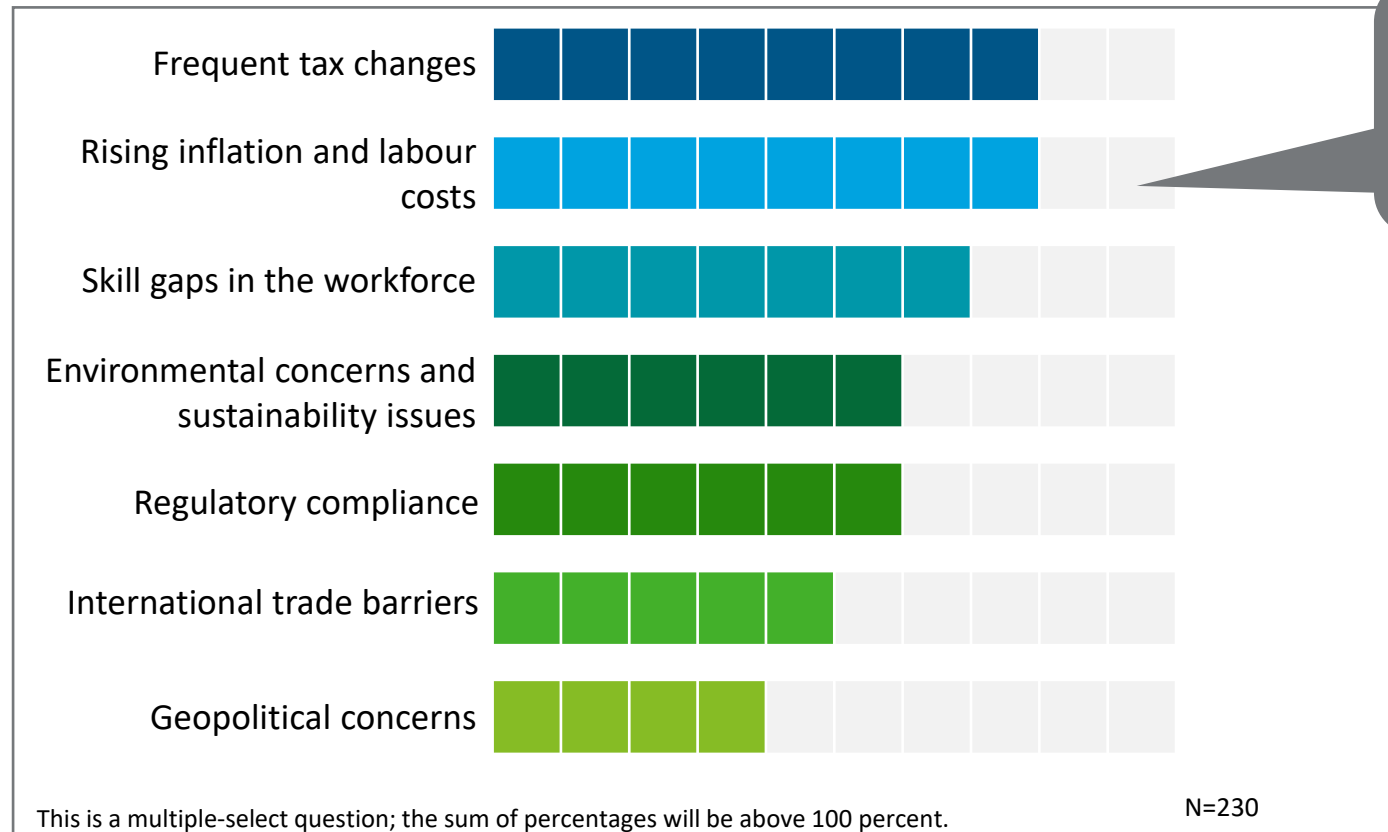


- Leaders across industries perceive improved collaboration between the public sector and private sector in areas such as infrastructure, digitisation, and skill development as a growth catalyst.
  - Public-private collaboration promotes innovation hubs, research centres, and technology parks, fostering an ecosystem that drives industry innovation.
- Improved financial instruments for better access to finance is perceived as the growth factor primarily for financial services (82 percent), and technology, media, and telecommunication (72 percent).
  - India faces a deficit in financial instrument variety compared with other countries due to regulatory constraints, necessitating a push for enhanced financial instruments.
- Improved credit availability for MSMEs and individuals stands amongst the top three factors as a growth catalyst, with strong support from industries such as automotive (71 percent), energy, resources and industrials, government and public services (61 percent), and consumer and retail (56 percent).

Question: What reforms/initiatives can act as impetus to your industry?

# More than 80 percent of leaders identify tax certainty as crucial for improving economic growth, highlighting that frequent tax changes unsettle business growth.

Economic challenges are evident as more than 80 percent of leaders navigate rising inflation and increasing labour costs, affecting their bottom lines and business growth.



Leaders anticipate that rising inflation and interest rates will influence the following:

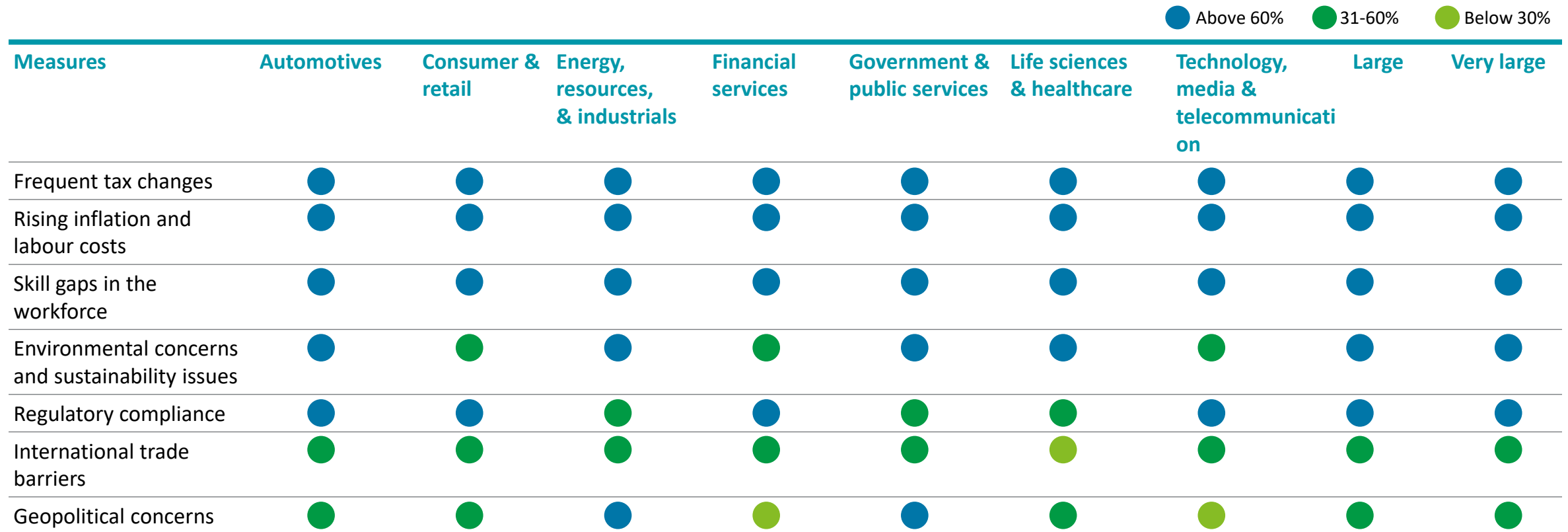
- Cost of production and planning – 67 percent
- Access to funds options and payment structure – 67 percent
- Export competitiveness and market reach – 60 percent

- In addition to the broader concern about workforce skill gaps, prevalent amongst 72 percent of industries, targeted efforts are needed in education and training of the workforce.
  - Leaders emphasise the need to address skill gaps in tier-2 and tier-3 cities underscoring the importance of localised initiatives to enhance workforce capabilities and contribute to overall economic development.
- Two-thirds of industries struggle with evolving regulatory frameworks and prioritise environmental sustainability, reflecting a growing awareness of eco-friendly practices.
- Nearly half of the industries face obstacles in international trade due to trade barriers, coupled with geopolitical concerns influencing global business strategies and operations.

Question: What are the impediments to the growth of your industry? Will inflation and interest rates affect your business? Are there any measures in place within your industry to deal with the affect of any geopolitical factors?

# Tax uncertainty, rising inflation and labour costs, and workforce skill gaps are common factors impeding growth across industries.

A stable tax and policy regime is a critical factor for the growth of both large and very large corporates, with 85 percent and 82 percent, respectively, highlighting the universal affect of tax changes on corporate strategies.



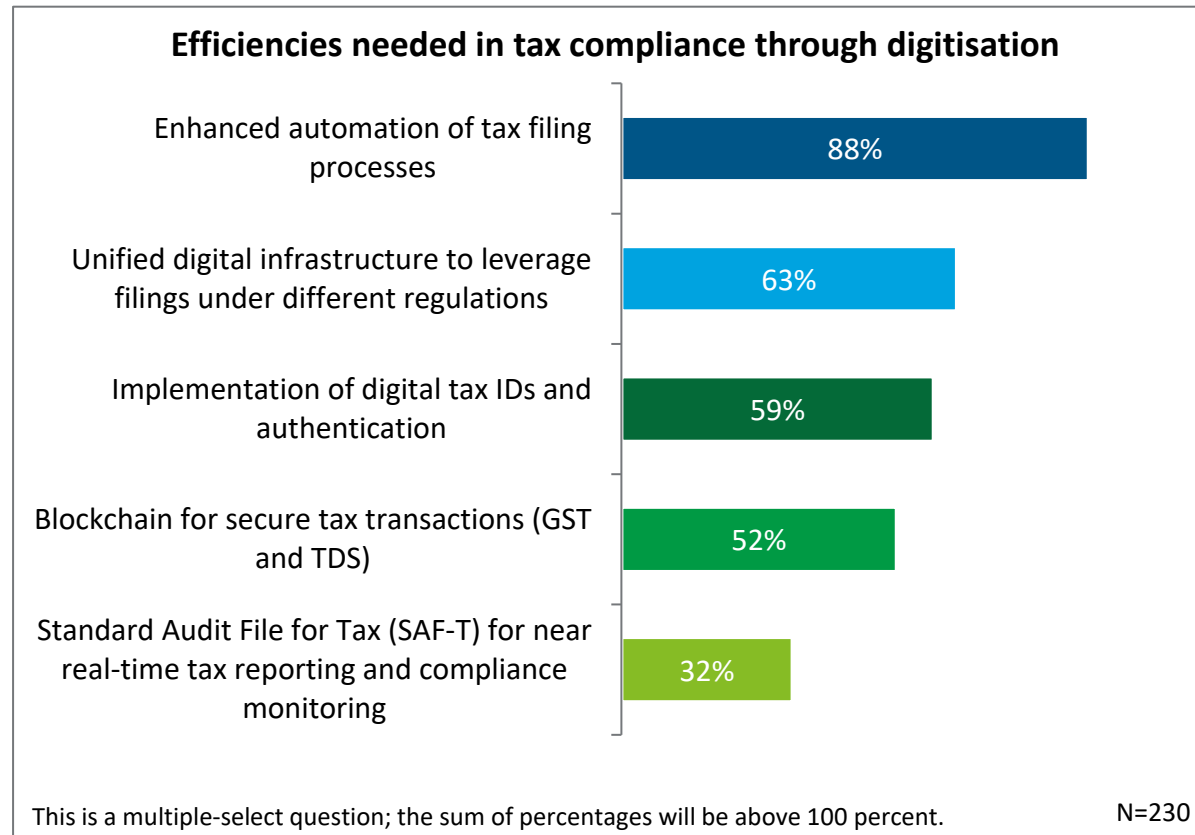
N=230

This is a multiple-select question; the sum of percentages will be above 100 percent.

Question: What are the impediments to the growth of your industry?

# Adoption of digital governance has expanded the horizon of the tax landscape; businesses seek customised automation in the tax filing process.

Other key focus areas include use of blockchain for secure tax transactions (GST and TDS) and implementation of digital tax IDs and authentication.

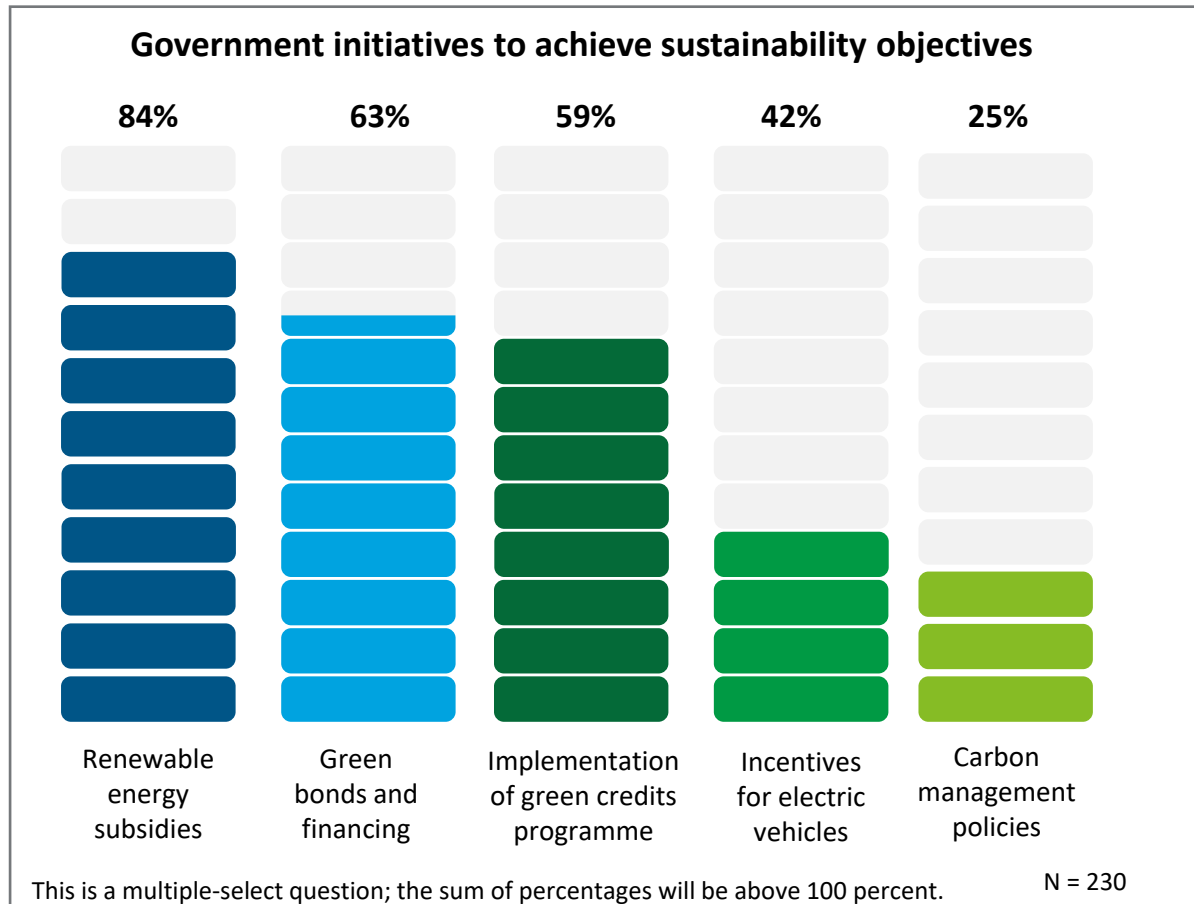


- Industries across the board expressed strong support for a unified digital infrastructure to use filings under different regulations. This underscores a collective push to streamline processes and ensure compliance efficiency.
- Businesses recognise the significance of implementing digital tax IDs and authentication.
  - This endorsement extends to the use of digital IDs, such as Aadhar, Co-Win apps, and life science-based ABHA/health IDs, reflecting a unified emphasis on modern, secure identification methods in tax processes.
- Blockchain is important to make secure payments, especially in tax payments. The push is visible from tech-oriented companies.

Question: Over the next 5 years, what other tax compliances you would want to improve through digitisation?

# Distinct needs of different industries are required to help them achieve their sustainability objectives.

There is a need for potential improvement in carbon management policies to drive sustainability goals.

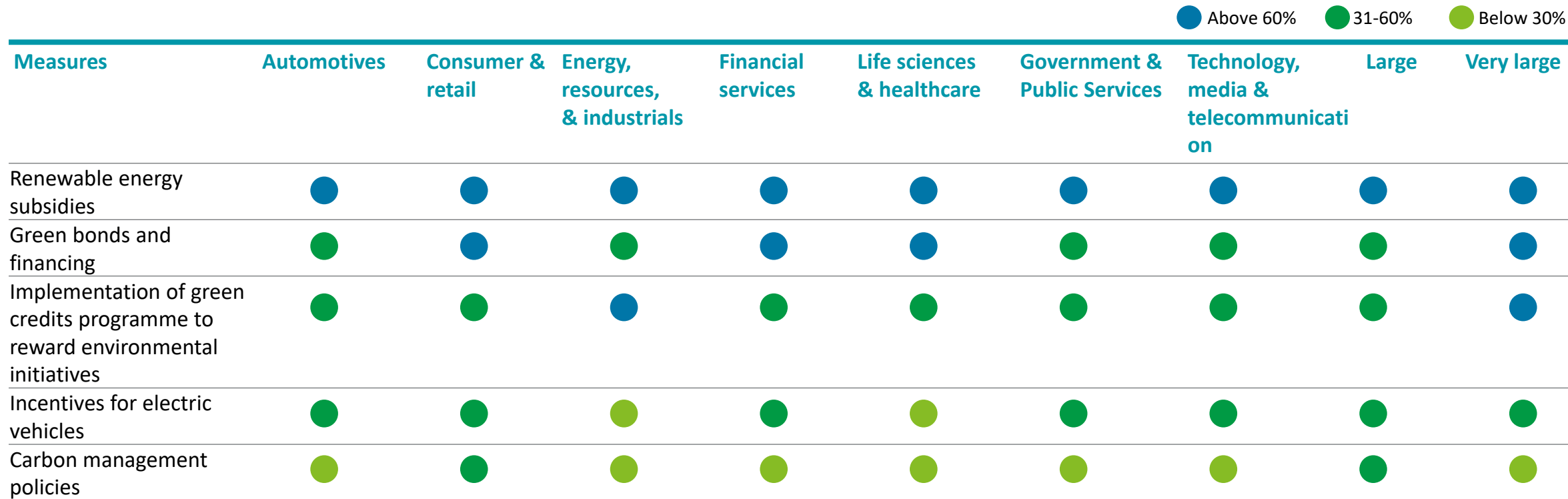


- Leaders cite renewable energy subsidies as a crucial policy to support sustainability goals, indicating a strong preference for incentivising clean energy sources.
- Mostly, respondents from financial services and about 50 percent from other industries believe green bonds and financing can support their sustainability objective.
- 42 percent of respondents identify incentives for electric vehicles as a key policy or initiative supporting the sustainability objectives, particularly prominent in major sectors, such as automotive and technology, media, and telecommunication.
- Only 25 percent of respondents acknowledge the necessity of implementing carbon management policies.

Question: Which government policies or initiatives do you believe will best support your industry in reaching its sustainability objectives?

# More than 60 percent of businesses across industries seek support in renewable energy subsidies to achieve sustainability objectives.

More than 60 percent of leaders in the energy, resources, and industrial sectors applaud the effectiveness of a green credits programme.



N = 230

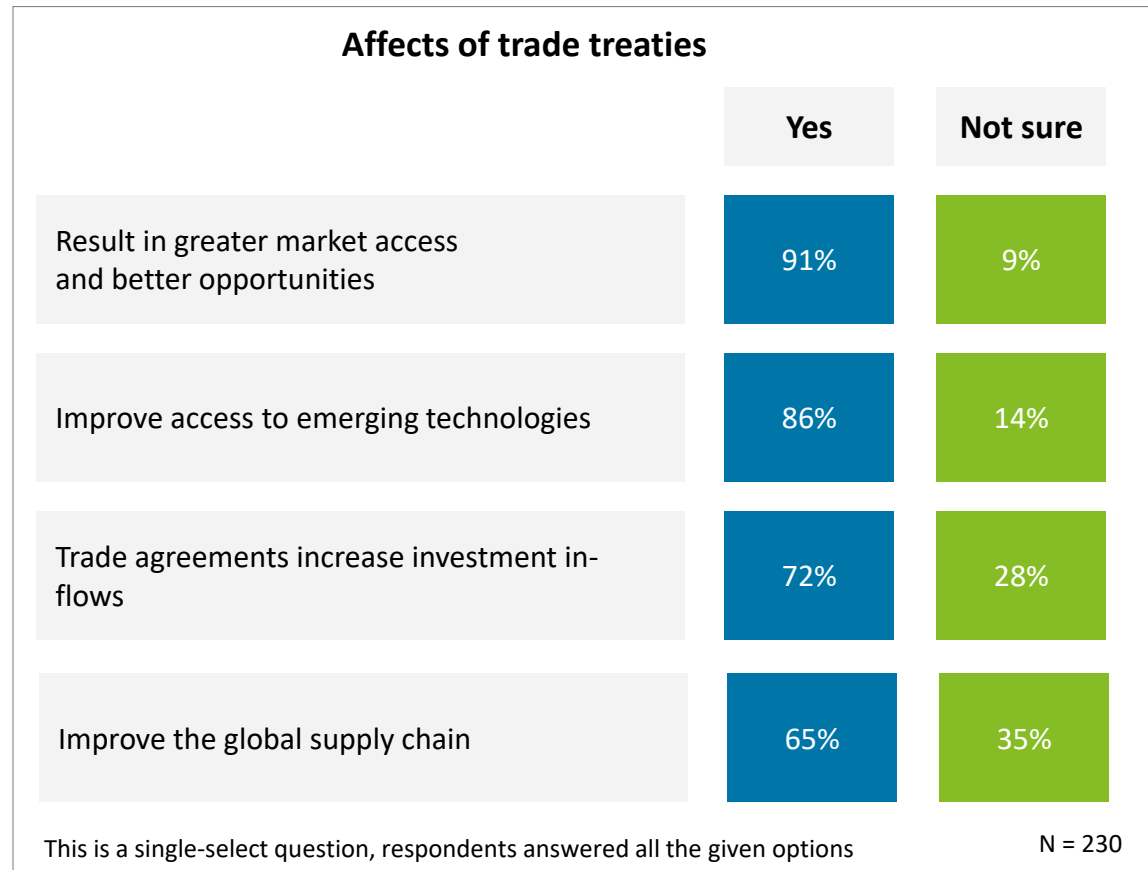
This is a multiple-select question; the sum of percentages will be above 100 percent.

Question: Which government policies or initiatives do you believe will best support your industry in reaching its sustainability objectives?



More than 50 percent of the leaders acknowledge benefits to industries from trade treaties, such as more market access, smoother investment inflows, access to improved technologies, and chances of integration into the global supply chain.

The effects of foreign trade agreements and treaties vary amongst businesses for aspects such as tariff and non-tariff-related concerns.



- Nearly all leaders believe that foreign trade agreements open doors to market access for companies and better opportunities for globalisation.
- A majority of 86 percent of respondents cite improved access to emerging technologies.
  - However, sectors such as the consumer and retail remain uncertain about the potential effect of treaties on their industry.
- 72 percent and 65 percent of leaders expect heightened investment inflows and a better chance to integrate with the global supply chains, respectively.
  - However, 28 percent and 35 percent of leaders in industries such as the automotive, energy, resource and industrials, government & public service sectors, and technology, media, and telecommunications are uncertain about such effects.

**Possible rationale for “Not sure” on benefits includes the following:**

- Lack of awareness about incentives and potential advantages available under the Foreign Trade Agreements (FTA)
- Concerns about increased non-tariff barriers for exporters and higher tariffs compared with potential FTA partners, indicating that the anticipated benefits from tariff reduction alone may be constrained

Question: How does the focus on trade treaties affect your industry?

# Leaders cite complete readiness for addressing geopolitical concerns and have well-defined strategies to mitigate them.

The placement of Indian Inc. highlights the affect of global events, such as the G20, and initiatives to facilitate streamlining of the global supply chain.

Measures	Automotives	Consumer & Retail	Energy, Resources & Industrials	Financial Services	Government & Public Services	Life sciences & Healthcare	Technology, Media & Telecommunication
Increase the use of technology for better-supply integration and market assessment.	94%	63%	71%	70%	55%	69%	72%
Develop a resilient supply chain, broad basing the market.	94%	97%	97%	91%	97%	100%	94%
Develop market-specific assessments and risk management.	74%	69%	71%	70%	64%	84%	69%
Create short-term, mid-term, and long-term response strategies.	82%	66%	62%	64%	82%	66%	59%

This is a multiple-select question; the sum of percentages will be above 100%

N = 230

- More than 90 percent of businesses believe it is imperative to establish a robust supply chain, thereby diversifying market reach to safeguard against geopolitical shifts.
- Approximately 70 percent of leaders believe in the importance of market assessment, risk management, and embracing technology to enhance supply integration.
- About 69 percent mention creating short-term, mid-term, and long-term response strategies to safeguard themselves from any regulatory changes.

Question: Do your industry practices include any measures to address the affect of geopolitical factors?

# Survey findings

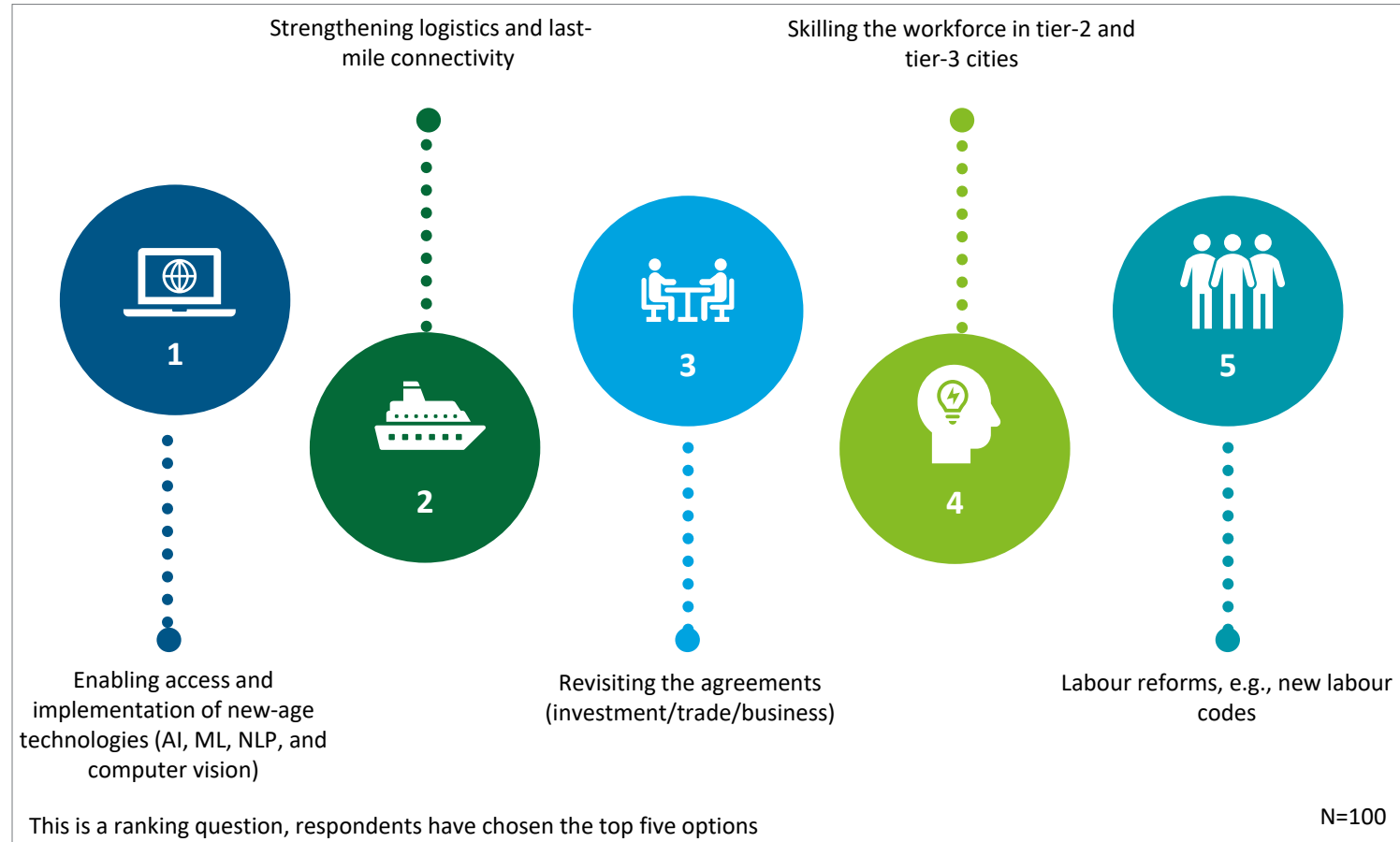
In its endeavour to strengthen its standing in the global manufacturing landscape, India is augmenting efforts to fortify the domestic manufacturing ecosystem. This involves reinforcing the supply chain and formulating policies conducive to industry development. The anticipated growth within India's semiconductor industry is a direct outcome of the collaborative synergy between government initiatives and industry requirements.

- The industry's groove on its growth trajectory – A rhythm of progress
  - The manufacturing and semiconductor powerhouse



Leaders anticipate the government to prioritise the implementation of Industry 4.0 technologies to revitalise their positions for better integration to the global manufacturing.

India must align its physical production infrastructure with digital capabilities to deliver intelligent products globally.

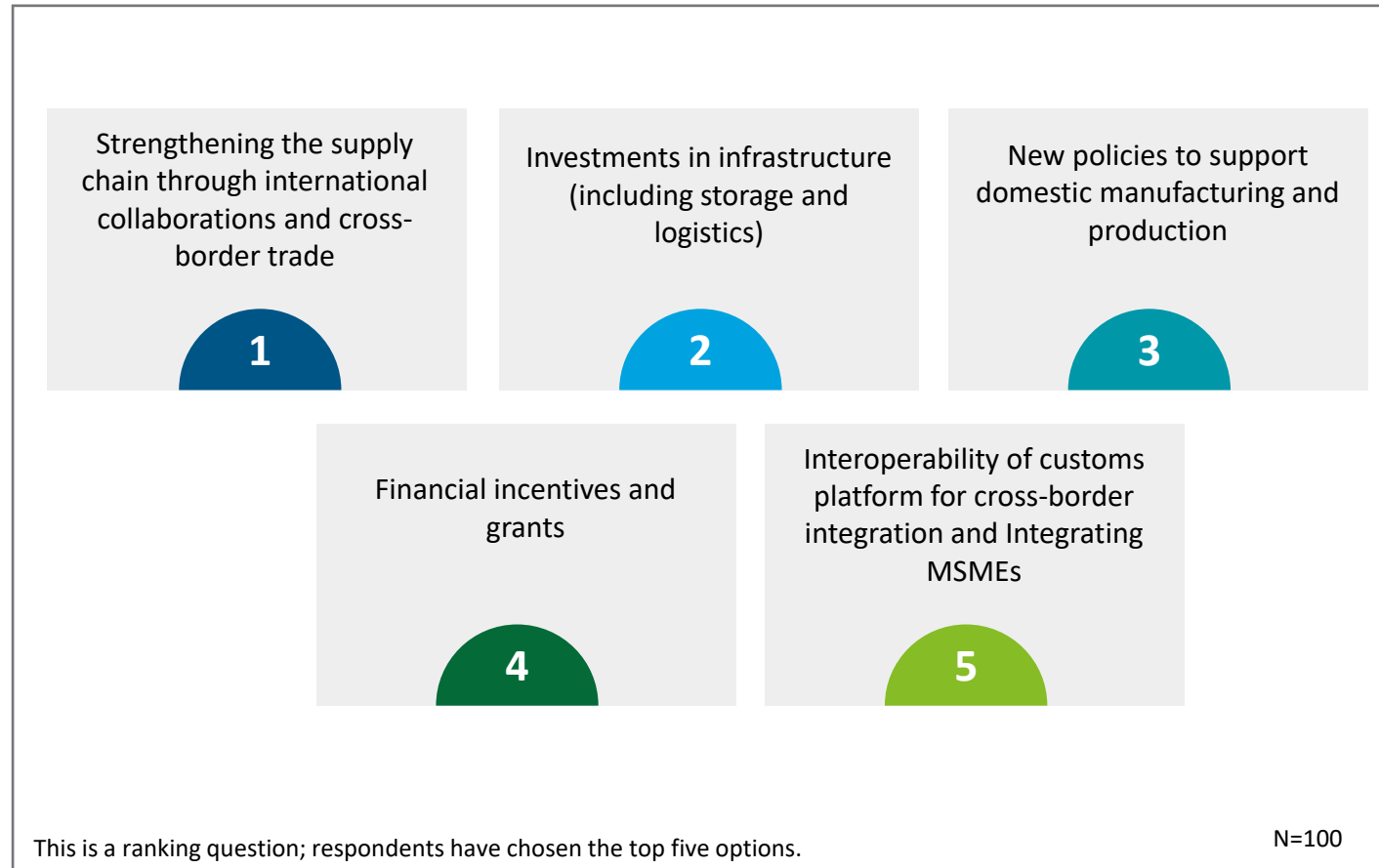


- Leaders underscore that for India to establish itself as a prominent manufacturing hub,
  - there is a critical requirement for skilled workers across all sectors, and
  - a robust development of infrastructure.
- The government must undertake initiatives to focus on boosting domestic manufacturing, especially in electronics and mobile devices through incentives, subsidies, and regulatory reforms.
- Leaders highlight the importance of enhancing logistics and last-mile connectivity for manufacturing growth.

Question: What steps should the government undertake to position India as a prominent manufacturing destination with more inward investment?

# Leaders seek increased government participation in international collaborations, along with augmented investment in developing infrastructure as the top two priorities.

In addition, businesses advocate for new policies to bolster the domestic manufacturing ecosystem, such as PLI scheme 2.0.

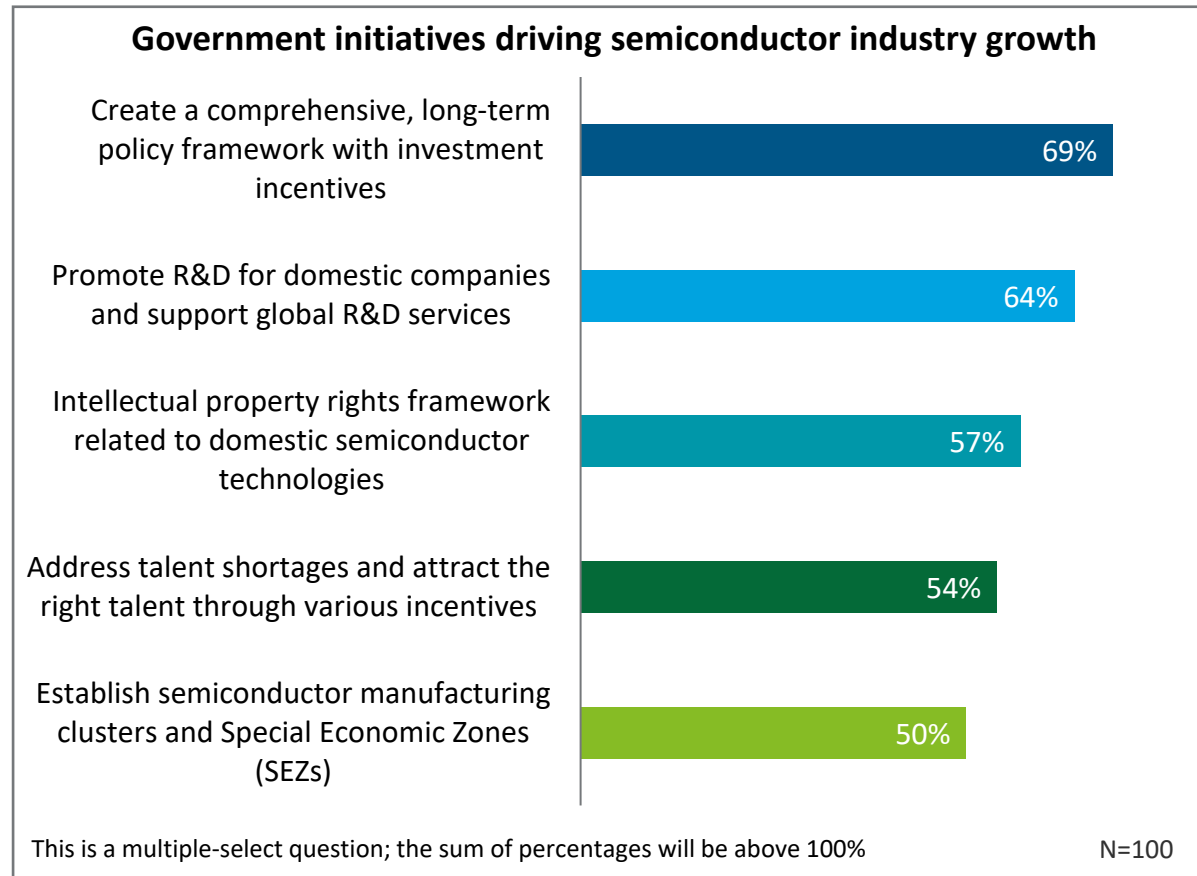


- Leaders from automotive advocate for the formulation of new policies aimed at bolstering domestic manufacturing and production.
  - Emphasis is laid on fortifying the supply chain through strategic international collaborations and facilitating cross-border trade.
- Leaders in the energy, resources, and industrial sectors underscore the significance of investments in infrastructure and the reinforcement of supply chains.
  - Recent government initiatives, such as the Indo-Pacific Economic Framework's (IPEF) Supply Chain Resilience Agreement (Pillar 2) aim to reduce the dependence on China and enhance essential goods manufacturing in member nations.
  - Potential benefits include shifting production to India and boosting domestic manufacturing.
- The technology, media, and telecommunication industry is also banking on investments in infrastructure and collaborations.
- Initiatives such as the PLI scheme aid in positioning India as a hub for IT hardware manufacturing.

Question: What are the areas that the government can focus on to reinforce the supply chain?

# Government efforts, coupled with a stable policy framework, R&D incentives, and robust IPR frameworks, can boost growth in India's semiconductor industry.

Businesses emphasize the necessity of an intellectual property rights framework for domestic semiconductor technologies.



The government is largely fostering collaboration between industry and academia to nurture a vibrant semiconductor ecosystem.

- Most leaders (69 percent) support a long-term policy framework with incentivised investments to boost the semiconductor industry.
  - In addition, 64 percent endorse R&D support for local companies, and 57 percent emphasize the importance of an effective IPR framework for industry growth.
- The recent clearing of the Mines and Minerals Amendment Bill ensures India's mineral security and safeguards the energy transition pathway by allowing the private sector to hunt for atomic and deep-seated minerals – a big boost for the semiconductor industry.
- To improve the ease of doing business for industries, the government plans to give 50 percent financial assistance to firms for setting up semiconductor manufacturing facilities in the country.
- About 63 percent of technology, media, and telecommunication leaders want government support in establishing semiconductor manufacturing clusters and Special Economic Zones (SEZs).
  - In addition, they require the government to promote R&D for domestic companies.

Question: What additional government support/initiatives can boost the semiconductor industry?

# Survey findings

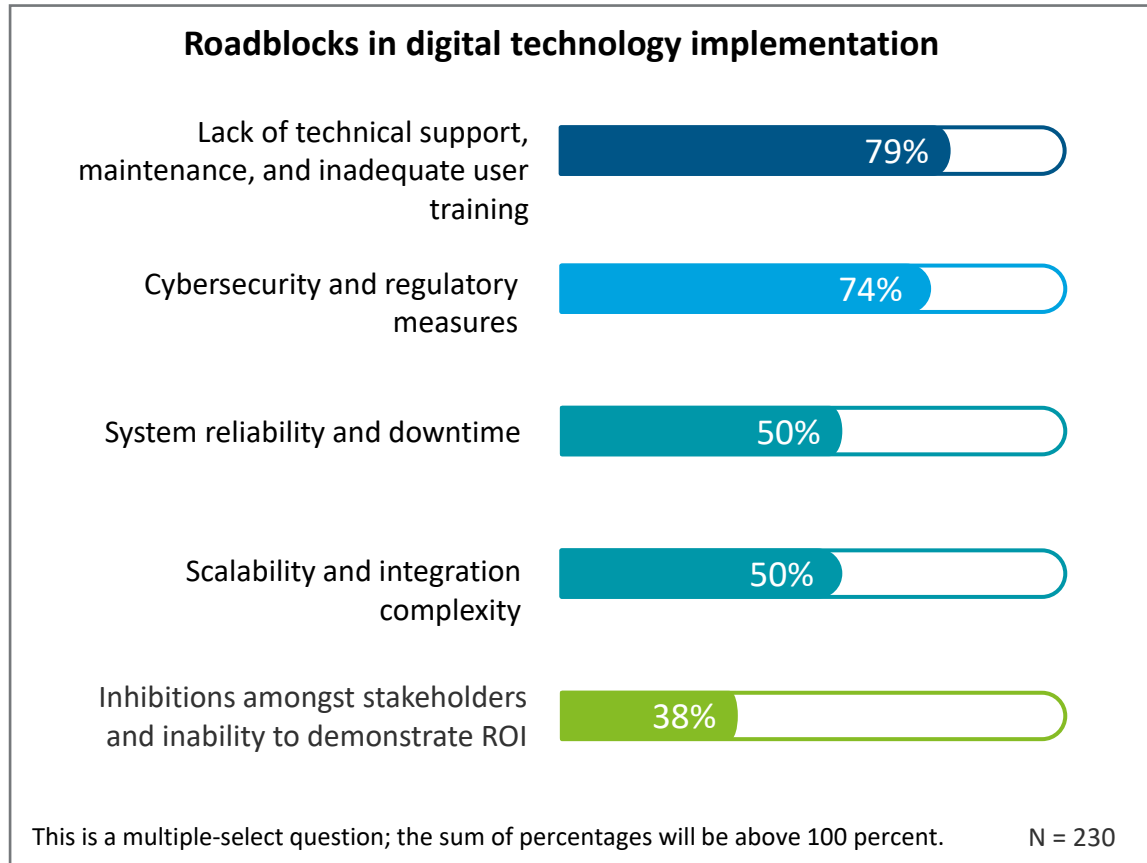
In India, a significant surge in digital technology adoption has unfolded, spurred by improved accessibility and government initiatives. Despite encountering obstacles, the industry is gradually embracing new-age technologies. In the pursuit of a US\$5 trillion economy, the strategic integration of AI/GenAI technologies takes centre stage. These technologies, notably AI tools, such as chatbots and virtual assistants, have become ubiquitous across diverse industries. Yet, the collective priority remains to foster continuous R&D to unlock the full potential of these advancements.

- The industry's groove on its growth trajectory – A rhythm of progress
  - Stepping into the limelight, the digital revolution and AI seize the lead



Businesses report a positive surge in stakeholder confidence, with more than 60 percent eagerly pioneering the path to innovation in their digitalisation journey.

Businesses are actively pursuing effective solutions in areas such as technical support and user training to enhance the adoption of technology use cases.



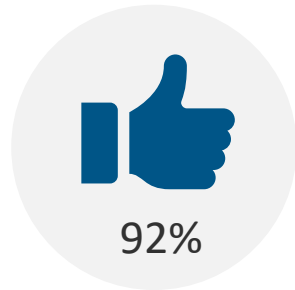
- For 79 percent of leaders, the primary obstacle to digital technology implementation is the lack of technical support, maintenance, and insufficient user training.
- Cybersecurity and regulatory issues remain significant hurdles for businesses, as indicated by 74 percent of respondents in their digitalisation journey.
- Industries are still grappling with roadblocks such as system downtime and complexities related to scalability and integration, seeking viable solutions.
- Only 38 percent of leaders see stakeholders' concerns as a problem in adopting digital technology, showing that more stakeholders believe it is important for businesses to spend on digitalisation.

Question: What are the primary concerns while implementing any digital technology within your industry?



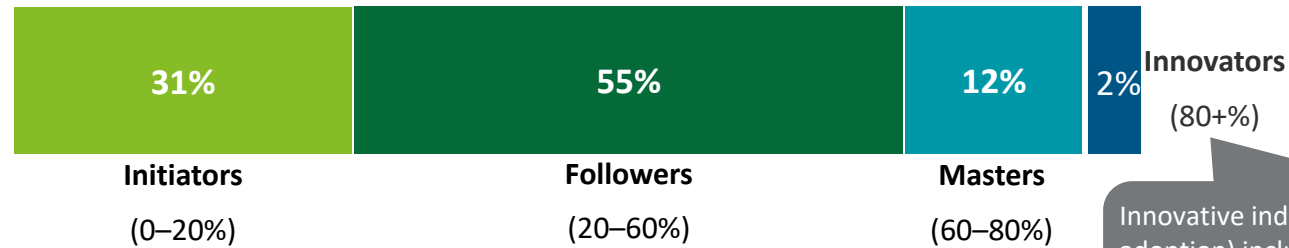
More than 90 percent of businesses are using AI/GenAI with nearly half of them indicating very well execution; while only 2 percent of businesses are extensively using the technology.

Limited availability of skills and execution expertise are the main roadblocks for AI/Gen AI adoption amongst the non-users.



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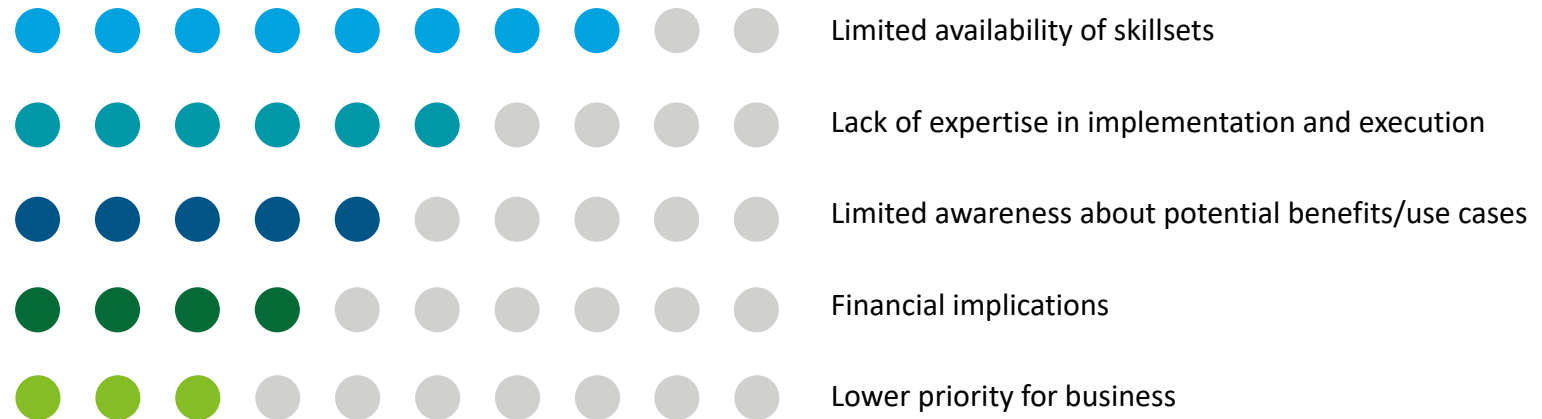
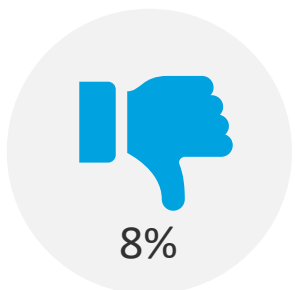
### Extensive use of AI/GenAI by industries



N=211

Innovative industries (having extremely high adoption) include automotive, customer and retail, life sciences, healthcare, and technology, media and telecommunication

### Reasons for not using AI/GenAI by industries



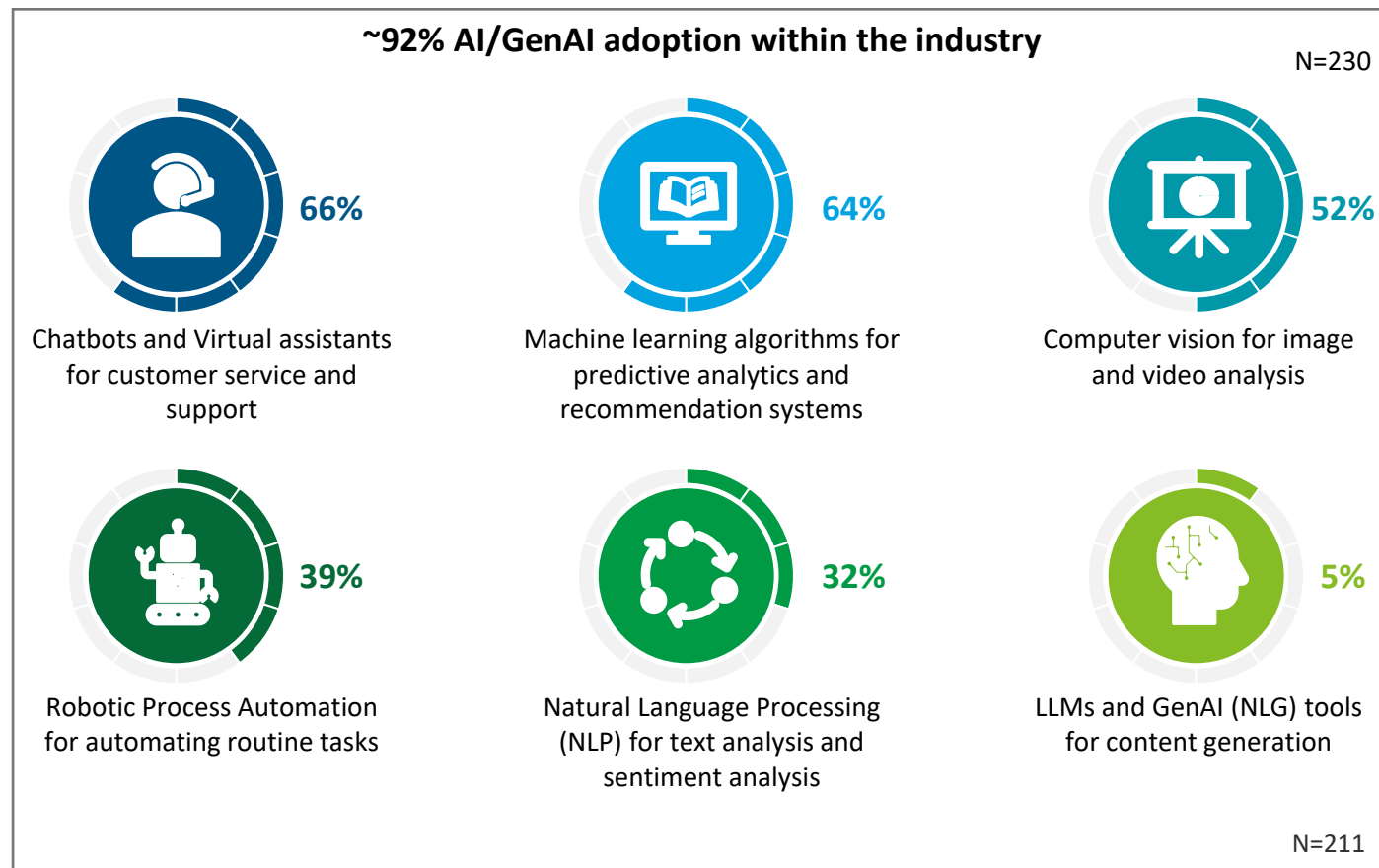
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This is a multiple-select question; the sum of percentages will be above 100 percent.

Question: Have you used AI and Gen AI tools in your industry? How extensively do you use AI/GenAI tools in your organisation? Why are you not using AI and Gen AI tools in your organisation?

With more than 90 percent using AI/GenAI technologies, the most widely used include chatbots and virtual assistants, followed by ML algorithms.

With less than 30 percent adoption, NLP and LLMs are in the nascent stage, but slowly seeing growth in adoption.



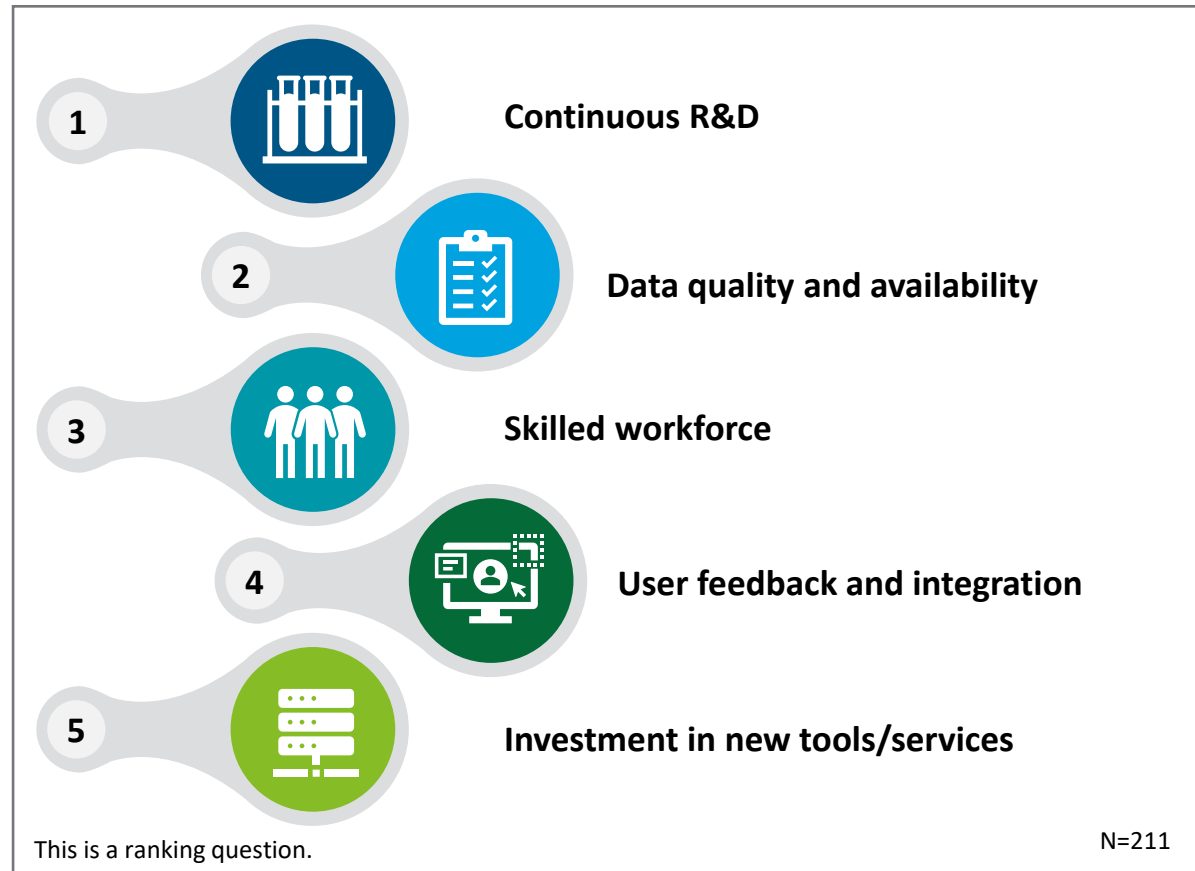
- About 80 percent of technology, media, and telecommunication, and financial services industry players use chatbots and virtual assistants.
  - The industry requirements include use cases that help them make customer interactions more efficient and cost-effective.
- About 52 percent of the government and public services industry invest in computer vision and ML algorithms.
  - Most of the public sector investments are in niche use cases focused on resource and environmental management in the public sphere.
- About 55 percent of the technology, media, and telecommunications leaders cite that they use Natural Language Processing (NLP) for text analysis and sentiment analysis.
  - Industry use cases include IT operations management, forecasting, predictive incident management, and automation in back-end and production operations.
- Albeit in a nascent stage, NLP and LLMs are seeing slight adoption in the industry, with about 32 percent and 5 percent of the players using the same respectively.
  - About 16 percent of the technology, media, and telecommunication players use LLMs, while about 55 percent of the financial services industry use NLP for text analysis.

This is a multiple-select question; the sum of percentages will be above 100 percent.

Question: Are there specific AI technologies and automation tools that you have implemented to streamline processes and enhance decision-making within your organisation?

Ranked as a top priority, continuous R&D requires a steadfast commitment to effectively use technological advancements.

In addition, leaders identified the need for quality data as the next priority.

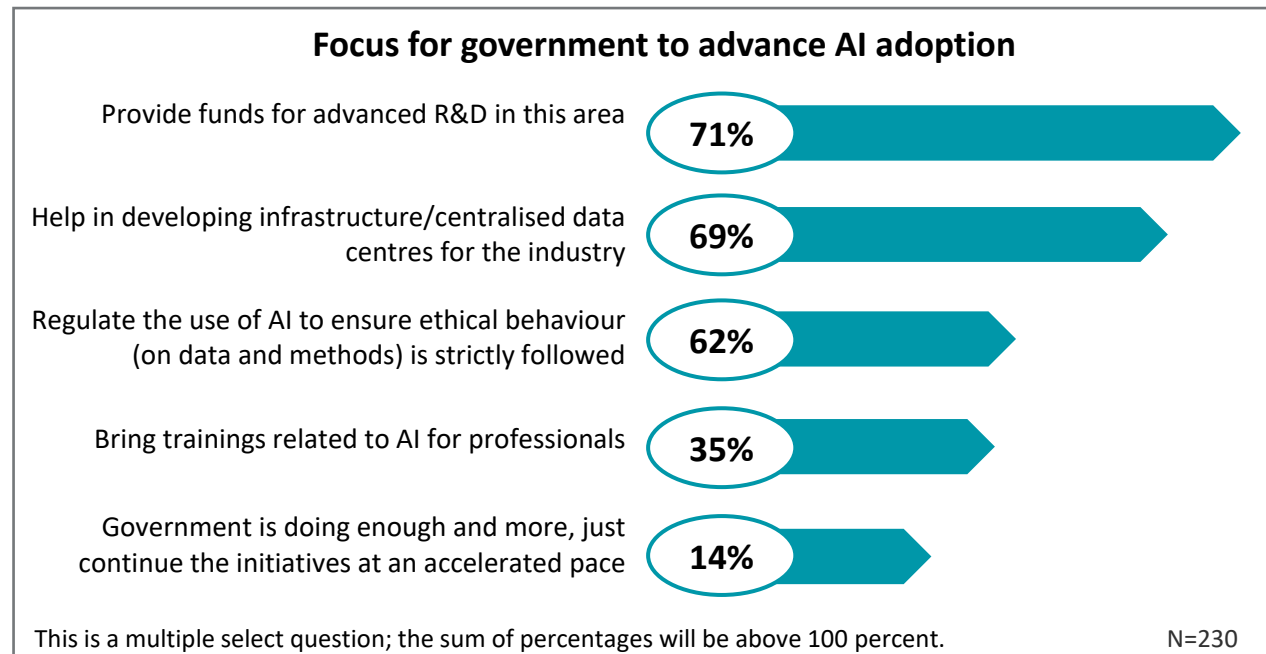


- Leaders stress continuous R&D in various industries.
  - As the next steps, India is expected to collaborate with AI research institutes and experts to design custom models.
  - It is also important to engage with domain experts to identify key use cases for developing specialised models.
- Recent government initiatives are addressing industry expectations by regulating the abundant data and investing in R&D.
- However, leaders in financial services and consumer and retail industries prioritise the availability of quality data for effective utilisation of technological advancements.
  - Ensuring high data quality is crucial to prevent poor model performance or potentially harmful outputs.
- Within the financial services industry, a skilled workforce is identified as the second-most important priority.

Question: What strategies do you like to have in place to use these advancements effectively?

# About 99 percent of businesses expect AI to evolve gradually, but strong compliance is required for ethical practices compliance.

Leaders are advocating a shift towards a more data-driven and segmented approach for advancing AI adoption



- The automotive sector anticipates a significant disruption in the next five years due to AI.
- There is a necessity for government regulations for AI to ensure ethical practices, favouring an adaptive and outcome-focussed approach.
- About 70 percent of consumer and retail businesses are urging government support to regulate AI use, stressing the need for strict adherence to ethical practices in data and methods.
  - The regulation is expected to be adaptive and outcome-based, taking a more responsive and iterative approach to focus on results.
- About 70 percent of life sciences and healthcare industry leaders need the government’s help in developing infrastructure/centralised data centres for the industry.
  - There is a need to shift from a ‘one-size-fits-all’ approach to a more data-driven and segmented approach.

Question: What, according to you, should the government do to advance AI adoption in your industry? Do you foresee the role of AI evolving in your industry over the next five years?

# Survey findings

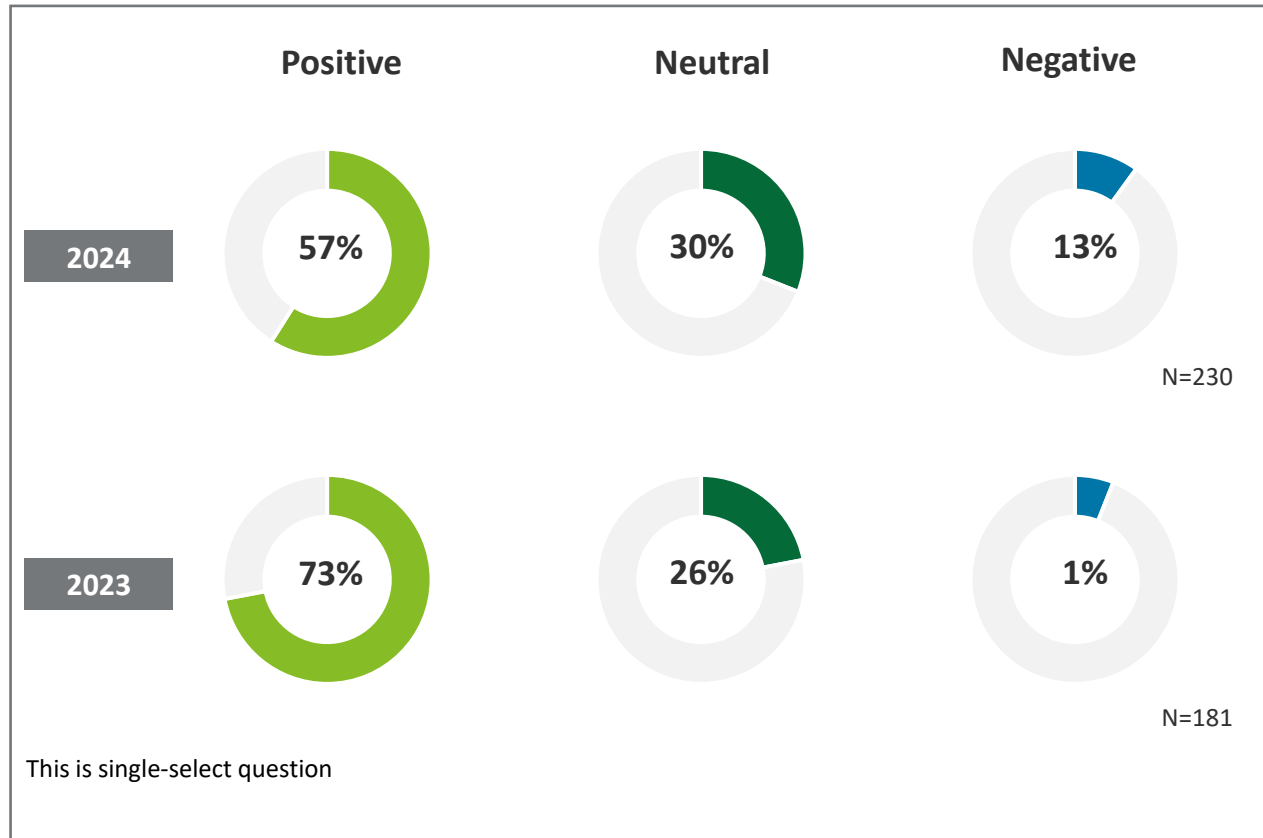
The section covers industry sentiment about the upcoming budget in July 2024. While most businesses exhibit a positive outlook driven by technological innovations, rising inflation and concerns about political changes keep some on a cautious footing.

Business buzz on the upcoming budget in February 2024



# Leaders tread cautiously on the upcoming budget, citing concerns over inflation and anticipated political shifts.

About 13 percent of businesses maintain a negative outlook on the 2024 budget compared with 1 percent in 2023.



## Rationale for positive outlook

- Leaders are anticipating more measures to enhance India's global trade partnerships and capitalise on emerging economic opportunities.
- A change in consumer preferences, combined with a surge in online spending, especially in tier-2, and tier-3 cities, along with supportive digital transformation initiatives, contributes to a positive outlook.

## Rationale for neutral outlook

- A significant portion of leaders remain neutral about the forthcoming budget, anticipating it to have no major announcements. The substantial effect is expected after its comprehensive unveiling in July 2024, marking the mid-point of the next fiscal year.

## Rationale for higher negative outlook as compared with the previous year

- The pessimistic outlook towards the budget is attributed to concerns about escalating inflation and anticipated political changes.

Question: How positive are you about the upcoming Union budget supporting your industry's growth?

Leaders across the automobile and consumer and retail sectors remain optimistic, while the government and public services, and life sciences and healthcare sectors maintain a cautious outlook.

More than 70 percent of very large businesses express optimism about the upcoming budget, versus 45 percent of large businesses.

	P	Consumer & Retail	Energy, Resources & Industrials	Financial Services	Government & Public Services	Life sciences & Healthcare	Technology, Media & Telecommunication	Large	Very Large
Positive	73%	66%	59%	52%	45%	44%	59%	45%	73%
Neutral	12%	31%	26%	45%	39%	31%	28%	38%	20%
Negative	15%	3%	15%	3%	15%	25%	13%	17%	6%

N=230

This is single-select question.

Question: How positive are you about the upcoming Union budget supporting your industry's growth?

# Survey findings

India is navigating towards the next phase of economic planning and fiscal strategies and the spotlight turns towards the key focus areas that the government is poised to prioritise in the next few years. This section delves into the critical sectors and initiatives that are expected to shape the government's agenda, unveiling a roadmap for economic growth, development, and resilience in the face of evolving economic changes.

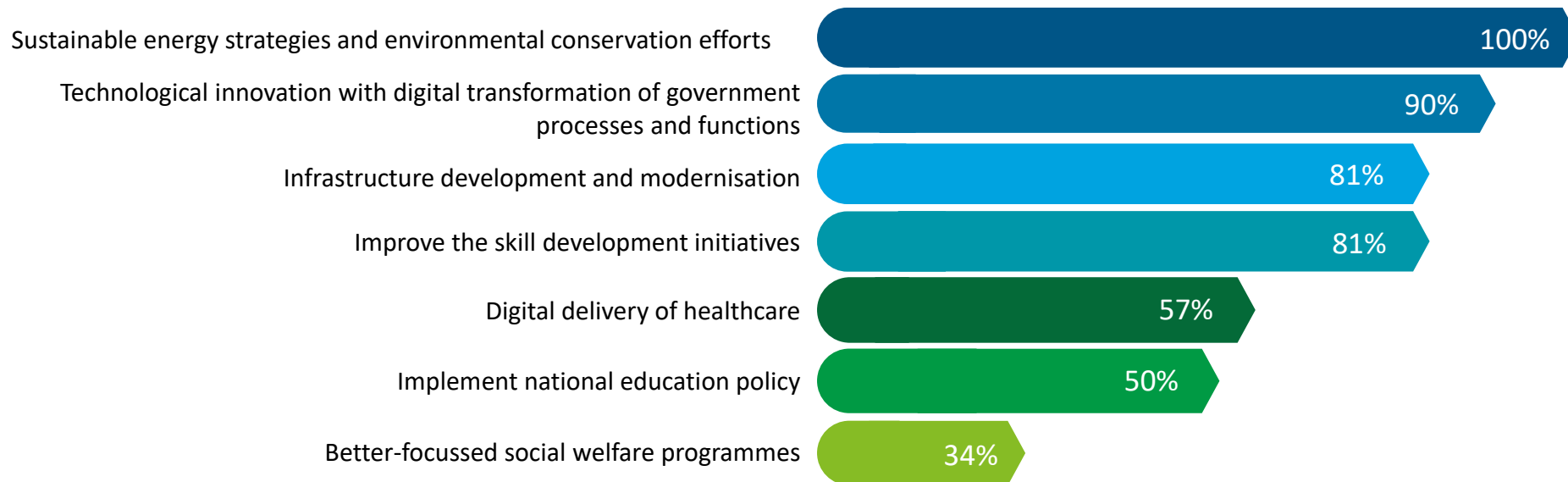
Key focus areas for the government for the next fiscal





# 100 percent of leaders expect the government to prioritise investing in ESG strategies and initiatives followed by technological innovations, infrastructure development, and skill enhancement.

Businesses emphasised the need for sustained efforts in targeted areas to propel the Indian economy to the US\$5 trillion mark.



This is a multiple select question; the sum of percentages will be above 100 percent.

N=230

- About 90 percent of businesses anticipate the government should prioritise technological innovation, including the digital transformation of government processes and functions.
- Nearly 81 percent of leaders have conveyed the opinion that the government should prioritise infrastructure development modernisation and augment efforts in skill development initiatives.
- Close to 57 percent of leaders are advocating for the government to shift its focus towards digitally delivering healthcare, while 50 percent express a desire for implementing the national education policy.

Question: What are the areas where the government can focus on investing and reform over the next five years?

# Leaders seek support on policies related to ESG, such as tax incentives on green bonds, frameworks for boosting AI adoption, and advancements in digitalisation across government functions.

Businesses emphasized the need for increased investment in the development of digital and non-digital infrastructure, committing to targeted goals for skill development, particularly in areas such as training and upskilling.

	P	Consumer & Retail	Energy, Resources & Industrials	Financial Services	Government & Public Services	Life sciences & Healthcare	Technology, Media & Telecommunication	Large	Very Large
Sustainable energy strategies and environmental conservation efforts	100%	100%	100%	100%	100%	100%	100%	100%	100%
Technological innovation with digital transformation of government processes and functions	94%	84%	97%	100%	76%	78%	100%	87%	94%
Infrastructure development and modernisation	79%	69%	82%	85%	85%	81%	84%	85%	76%
Improve skill development initiatives	82%	91%	71%	70%	88%	88%	78%	81%	81%
Digital delivery of healthcare	59%	47%	68%	45%	58%	69%	56%	57%	58%
Implement national education policy	44%	63%	35%	61%	55%	34%	59%	48%	53%
Better-focussed social welfare programmes	29%	25%	44%	21%	30%	63%	28%	31%	39%

N=230

This is a multiple-select question; the sum of percentages will be above 100 percent.

Question: What are the areas where the government can focus on investing and reform over the next five years?



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