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# INTERNATIONAL TRADE

## Why America matters? And what to do about it?

**Tariffs may dominate trade talks, but history shows innovation—not negotiation—drives long-term success. For India, the path to global relevance lies in moving from imitation to innovation, building a strong domestic market, and creating globally respected brands.**

By Dr. Pavan Soni



A 100% tariff on electronic goods, 100% punitive tariff on luxury cars, a 25% tariff on light trucks—this is not the future of USA-India trade, but instead the history of USA-Japan trade. Who triumphed in the end? Japan. For long, Americans attributed Japanese success to currency manipulation, government subsidies and weak property rights regime, instead of appreciating that Japanese goods were indeed superior in both quality and value. A similar realization is dawning upon the western world when it comes to emergence of China as an AI superpower, notwithstanding the significant strides the world's second largest economy has made in research and development at fundamental levels.

Whether it be the story of pre-war Soviet Union, or war-torn Germany, or post-war Japan, there's just one panacea to remain relevant amid relentless

competition—Innovation. With President Trump wielding his blunt instrument of tariffs and penalties, the best bet India has is to not get back to negotiation table and secure a bargain, or to make political rhetorics, but to invest in research, development and innovation. We have rich historical evidence that long term success hinges on leveraging human capital and developing new technologies. Isn't that precisely how America became a superpower? For India to be a part of the plot, we need to look inward and build infrastructure, aptitude and discipline to bring ideas to market in a cheaper, faster and superior manner. Here're the three means which India can deploy to secure its future regardless of who's at the White House. The first aspect is to move up from imitation to improvement to innovation. The second approach is to build a robust domestic market that offers sufficient diversity and sophistication. The third is to build brands with global reverence. And in each strategy, we have some lead case studies. Let's delve deeper.

## **From Imitation to Innovation**

The magnetic tape technology, digital cameras, and transistor radios have one thing in common. They were all 'invented' in the west but found a commercial use in Japan. The Japanese companies, long suffering the sanctions and technology transfer restrictions in the hands of the US government, found a firm footing through imitation and exaptation. Even carbon fibres, invented by Union Carbide's Roger Bacon, found a home in the Japanese sporting goods market before being deployed in more mission critical applications. Japanese started with imitating western technologies, then improving them and finally taking a leap in bringing about inventions. The same was the trajectory of South Korea, Taiwan, Singapore and more recently China. China, from being the first factory and sweatshop took little under a generation to being identified as the world's lab. Just to get a perspective, for 2024 the top ten patent filers in the USPTO

were: Samsung, LG, TSMC, Qualcomm, Huawei, Apple, IBM, Alphabet, Canon, and Toyota. Just a hint that it's not a US affair all the way.

When it comes to India, we haven't been able to make a meaningful transition from imitation to improvement to innovation. Whether it be the generic pharmaceutical industry or the venerable BPO or IT-services industry, we have been happily doubling down on the economies of scale, instead of climbing up the value chain. This inability could squarely be attributed to low levels of capital investment in R&D and capability creation. Both at the public and the private levels, India has shied away from investing in R&D, especially infrastructure development. The cash rich IT companies don't even turn 1% of their revenues into research, signifying shortsightedness. Going by the salaries most IT executives enjoy, it's evident that cash isn't the problem, the issue is intent.

## **Building Domestic Strength and Global Brands**

As for nurturing a domestic market, the world's most populous country boasts of 205 billionaires and is ranked third after the US and China. With a middle class which is 31% of the population and is expected to reach 38% by 2031, there is a wide-ranging market for both domestic and international players. In markets, right from consumer goods to automobiles and pharmaceuticals, there are Indian brands brushing shoulders with foreign labels, and even accruing a premium. This robust and growing domestic demand can offset international trade barriers to a large extent, as seen in the case of demand for electric cars in China and electronics in Japan. However, an insular growth is non-sustainable, for in almost all successful stories, the propeller remains unrelenting innovation.

The same domestic heft can offer brand prominence in international avenues, as seen in some niche Indian brands. While the wave of liberalization in 90s did open the doors for foreign direct investment, but the traffic has largely been one way. Very few Indian conglomerates and large businesses invested in building

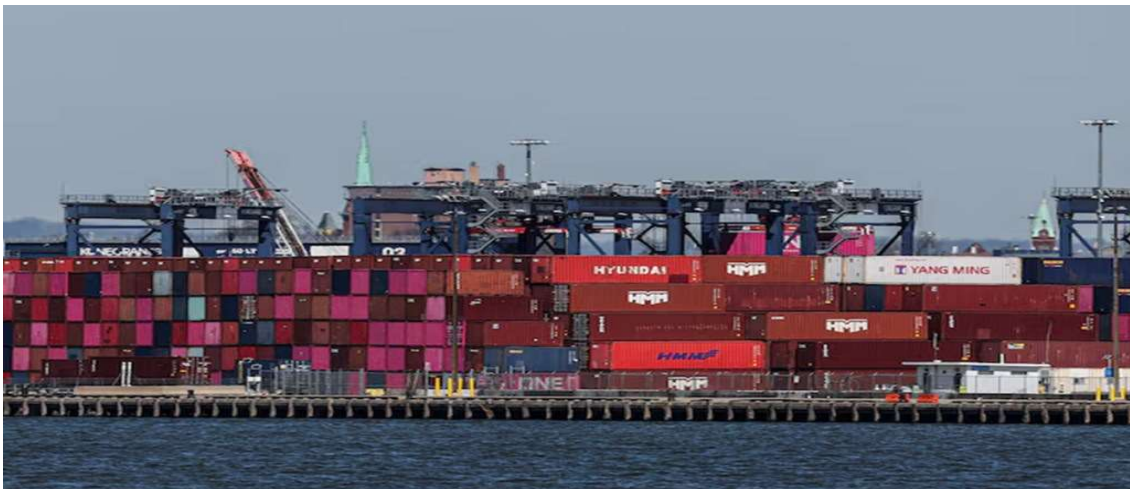
aspirational brands—they have largely been contended with the commodity play. The economies of scale logic is too attractive to let go, resultingly western markets barely know of any Indian brand, and what travels is mostly white-labelled, whether it be goods or services.

It brings us back to the innovation imperative. Innovation is what brought America to its global stature, helped Japan and Germany rise from the ashes of the WWII and saw the emergence of Asian Tigers. What's stopping India? Intent, Content and Invent. We need to have the right intent of not revisiting the discussion table but instead investing in the right areas for the long haul. The content to walk the talk, and convert investments into outcomes. And the ability to invent, as we move up from imitation to improvements to innovations. Thanks President Trump for waking us up. (FE28082025)

## **Time for bold action on exports**

**Adopt two-pronged strategy: Deep, structural reforms and fast-track, targeted actions.**

By Ajay Srivastava



India's exports face a storm of external and internal pressures. The US has slapped a 50% tariff on most Indian goods, dealing a body blow to key sectors. Labour-intensive industries like apparel, textiles, shrimps, carpets, furniture, and jewellery along with capital-intensive goods such as chemicals and machinery now face export declines of up to 80%.

The European Union (EU) is next, with its Carbon Border Adjustment Mechanism (CBAM) set to impose new climate taxes on Indian steel and aluminium from January 2026.

But beyond these external shocks lies a deeper, self-inflicted crisis. India's export model is increasingly uncompetitive. High input costs—driven by expensive energy, credit, and logistics—inflate production costs. Labour rigidities and infrastructure gaps worsen delivery timelines. Meanwhile, shallow domestic manufacturing, especially in electronics, limits value addition and resilience. India's current export basket is no longer sufficient for achieving high growth. No trade agreement can substitute for stronger products and globally competitive pricing. As global markets become harder to access, India's inability to compete on price, scale, and quality could choke its export engine just when it's needed most.

### **Structural reforms for competitiveness**

To survive—and thrive—India must go beyond reactive measures. The time for patchwork fixes is over—India must act boldly to transform its export ecosystem. India needs a two-pronged strategy—deep, structural reforms to boost competitiveness and value addition; and fast-track, targeted actions to deliver immediate gains.

On structural reforms, India must urgently reduce input costs by cutting energy tariffs, lowering interest rates, and fixing logistics inefficiencies. Labour laws must be simplified to allow businesses to grow and hire at scale. Simultaneously, India must reduce its reliance on imported inputs by investing in domestic

manufacturing of key components like solar cells, semiconductors, and active pharmaceutical ingredients (APIs). Alongside, India must implement a time-bound 10-point action plan for manufacturing, services, and micro, small, and medium enterprise (MSME)-led export revival.

### **Fast-track policy actions for export revival**

First, we must reinstate the Interest Equalisation Scheme with a Rs 15,000-crore annual budget and a five-year commitment to cut export financing costs, especially for MSMEs in labour-intensive sectors. The earlier version cost only Rs 2,500 crore and significantly boosted export competitiveness. Its urgent revival will provide predictable credit support to millions of small exporters struggling with high interest rates.

Second, the India-UK free trade agreement (FTA) must be swiftly implemented and the EU FTA negotiations should be pushed forward. While tariff gains may be modest due to low duties, securing long-term regulatory certainty and access to services is vital. Fast-tracking these deals will help Indian firms lock in preferential access before competitors.

Third, MSME health and exports should be boosted by raising the goods and services tax (GST) exemption limit from Rs 40 lakh to Rs 1.5 crore for goods and services. This would exempt 99% of small firms from GST, increase their profit margins, cut compliance burdens, and improve competitiveness. It would also reduce GST filings from 1.4 crore to 23 lakh, enabling stricter enforcement and detection of fake invoicing. As much as 84% of GST-registered firms have a turnover below Rs 1.5 crore but contribute less than 7% of the total tax. Yet, they deal with high compliance costs. This step won't hurt revenue but will help small businesses invest, grow, and create jobs, while improving overall tax compliance and system efficiency.



Fourth, a focused export revival package is needed for labour-intensive sectors such as garments, textiles, carpets, footwear, and jewellery as these are most vulnerable to high US tariffs. Additionally, we must incentivise backward linkages, ensure competitive export credit, and adopt a Bangladesh-style ecosystem approach to reclaim lost global market share and generate mass employment.

Fifth, we should widen India's services export portfolio beyond IT and business services. Global market share expansion in underrepresented sectors like financial services, insurance, IP (intellectual property) licensing, travel, and repair services should be prioritised. Dedicated export promotion schemes, skill development, and regulatory reforms can help India tap into the remaining 64% of the global services trade.

Sixth, the import dependence on China should be reduced. A national import substitution and supply chain diversification mission that targets high-dependence sectors is needed—smartphones, electronics, solar cells, lithium batteries, and APIs. Production-linked incentives (PLIs), tariffs, and foreign direct investment curbs should be utilised to shift sourcing away from China and promote resilient domestic ecosystems.

Seventh, it needs to be ensured that future FTAs do not worsen inverted duty structures. Finished goods from FTA partners entering India duty-free, while raw materials from other countries facing import duties, creates this problem. Tariffs should be harmonised to support local manufacturing and reintroduce FTA-specific tariff correction measures during annual budget cycles.

Eighth, India must urgently prepare for new EU trade barriers like the CBAM, the Deforestation Regulation, and the German Supply Chain Act. From January 1, 2026, Indian steel and aluminium exports to the EU will face a carbon tax.



Exports of these products faced a 24.4% drop in shipments this year with most MSMEs opting out. Soon, farm exports will also be taxed under EU deforestation rules. India should help exporters meet these complex regulations, build certified green supply chains for EU-bound goods, and consider strong reciprocal measures to counter the growing use of climate rules as hidden trade barriers.

Ninth, a national quality assurance campaign for export sectors should be launched, especially for agriculture and food. India can introduce global-standard pesticide norms, mandatory traceability via blockchain, and joint quality control schemes with the industry. Mutual recognition agreements with key trading partners can be signed to reduce rejections and enhance trust in Indian goods.

Lastly, a fully digital National Trade Network should be established, consolidating all export-related compliances under one portal. Department-centric approaches must be replaced with exporter-centric systems. This reform alone can enable 1 lakh new small businesses to begin exporting within a year by simplifying procedures and reducing bureaucratic friction.

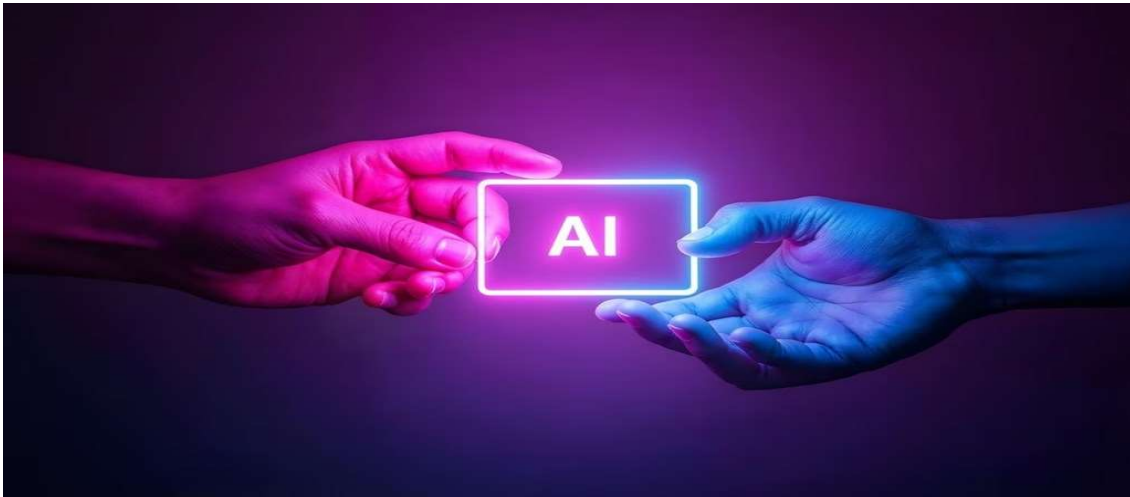
India cannot export its way to prosperity without bold reforms at home. Only a comprehensive strategy—combining cost correction, domestic manufacturing, and smart trade diplomacy—can revive the export engine. The world won't wait. India must act now or risk falling irreversibly behind. (FE11082025)

## **ARTIFICIAL INTELLIGENCE**

### **‘Surge-your-worth’ economics**

**When AI decodes you, not market dynamics, to bring price elasticity it's entering an ambiguous terrain.**

By M Muneer



Once upon a not-so-distant time, business was governed by a certain egalitarian clarity. A price tag spoke the same truth to all who beheld it. Whether you were a maidservant or an investment banker, the fare for your journey, the cost of your tea, or the value of your bread bore no reflection of your identity. Pricing stood as an impartial arbiter between value and exchange.

### **Algorithms rewriting the price tag**

Consider this real-life incident: two travellers, seated in economy class on the same flight, departing as scheduled, both with the same benefits on their tickets, booked via the same platform, yet one paid almost twice what the other did. What changed? The divergence lies solely in the traveller's digital footprint—her browsing patterns, hour of purchase, postcode, the number of times she returned to check prices, and whether she booked during a moment of urgency or calm. The algorithm saw her, understood her, assessed her likely ceiling, and charged accordingly.

This is no evolution of yield management but a quiet revolution in digital economics, where traditional market dynamics are eclipsed by a more intimate,

if not insidious, metric: you. It isn't about preferences but psychology. And not simply your history, but your hesitation.

## **When personalisation turns into exploitation**

Witness the rise of hyper-personalised pricing: A system in which artificial intelligence (AI) doesn't just respond to consumer demand but actively anticipates and shapes it. It watches, it learns, it infers, and then it monetises, not based on cost or value but based on your willingness to yield. You are no longer a participant in the market; you are its measure.

And this is not a dystopian hypothesis; it is already here. The increased fare you paid for an Ola during a thunderstorm, the surge in price for a last-minute hotel booking, and the discount that mysteriously vanished after a couple of views—all are shadows cast by algorithmic intent. It is not just the weather or the hour that determines what you pay, but your perceived vulnerability. Are you shopping after a long day? Using a high-end device? Travelling with a child? The system takes note.

The question has subtly shifted from “what is this worth?” to “what is this person worth to us right now?”

This shift demands critical attention, as it breaches the social contract of commerce. Pricing used to be the transparent metric between the buyer and the seller, but now it is a black-box negotiation between your subconscious and an unseen entity. In theory, personalisation is supposed to enhance CX (customer experience)—curated playlists, tailored shopping suggestions, etc. But now it introduces a silent inequity in pricing. What was once a level field has become a minefield of invisible calculations.

This is not the classical price discrimination based on age, volume, or region, but something more refined, more elusive. Something of a psychographic nature,

where consumer behaviours, emotions, and digital footprints are monetised. A system that charges more because of how you think.

Herein lies the ethical dilemma. When the price you pay is determined by what an algorithm believes you will accept (not by market forces), when your very patterns of decision-making are used to shape your cost, is there any informed consent? If the system already knows what you will choose, how is it your choice?

The ability of AI to unearth perceived willingness to pay and price accordingly is amazing: data crunching at multiple levels, analysing patterns of behaviour, and predicting the outcome. Humans just can't do this. But all this, by destabilising the autonomy and dignity of consumers, is the core issue.

When AI decodes your fatigue, your urgency, your indulgences, and your habits—and not the market dynamics—to bring price elasticity, it's entering a morally ambiguous terrain. Tailored products to our preferences is one thing, but it is quite another to be charged based on your psychological susceptibility. The boundary between personalisation and exploitation grows perilously thin.

How can consumers become digitally conscious and avoid surrendering to the algorithmic determinism? While the system observes, the vigilant consumer can obfuscate its gaze. Here are some ways:

Browse in private mode or incognito: Algorithms depend on cookies, search histories, and behavioural trails. Incognito browsing prevents such context access, and so less chance for price manipulation.

Use VPNs or alternative locations: Many platforms adjust prices based on geographic data. A VPN can mimic a lower-cost location and reduce targeted hikes.

Change devices and logins: Using different devices or browsing without logging in disrupts user identification—so, profiling and price targeting will be difficult.

Delay purchase intentions: Algorithms respond to urgency. By stepping away and revisiting after a pause, or employing price monitoring tools, one may avoid paying a premium born of perceived desperation.

Avoid unified digital ecosystems: Single sign-ons, such as using Google or FB account across sites, centralise your data. The more fragmented the digital identity, the less the predictability and exploitation.

Periodically delete cookies and browsing history: This and use of privacy-enhancing extensions will clear the digital footprints and make it difficult to play with pricing.

If AI shapes your spending impulses like a caffeine-high coach, is it truly choice, or just elegantly disguised commercial puppetry? Making profits is fine, but when it feeds on personal prediction rather than need, the marketplace mutates into a mirror maze. The sticker price no longer exists, replaced by your digital twin's insecurities, whims, and midnight cravings. Welcome to the age of “surge-your-worth” pricing, where fairness gets debugged. This isn't anti-AI hysteria; it's a plea for algorithmic regulation and ethics.

Until price tags stop moonlighting as psychics, we'll miss their quaint objectivity. When your wallet becomes a mood ring, don't expect fair prices, only emotional surcharges. (FE26082025)

## **Think global, act local**

**OpenAI's bold bet on India is welcome but the future of AI in India will not be won on pricing alone.**



OpenAI's launch of the India-specific GPT-Go is a bold move to unlock the Indian market and a calculated bet on the country becoming the proving ground for scalable artificial intelligence (AI) deployment in other countries in the Global South. OpenAI's playbook for its second-largest market, however, is not an original composition—rolling out a budget plan with clear advantages over the free tier and pricing has been a familiar model for many successful global companies operating in India. OpenAI's reported talks with Jio to bundle ChatGPT access (much like Perplexity with Airtel) underline how global firms often rely on local partners to gain momentum. McDonald's, for instance, entered India in 1996 and now runs over 444 outlets, posting 7% year-on-year revenue growth (Rs 660 crore) in the first quarter of FY26. After reducing its prices substantially, Netflix, which entered in 2016, saw India lead paid subscriber additions in Q2 FY24 and rank third globally for revenue growth.

### **Lessons from global companies in India**

Not all bets, however, have paid off. Amazon Marketplace, in India since 2013, has recorded a decent rise in operating revenue, but reported losses of Rs 3,500 crore. Tata-Starbucks, launched in 2012, is now the country's largest café chain, with steady revenues, even as losses widened 65% owing to aggressive expansion. Both companies though remain optimistic, viewing current losses as

investments in long-term growth, to be realised as markets mature. Whichever route OpenAI takes, its expansion must rest on a principle common to all successful growth stories in India—catering to the consumer. McDonald’s did this with menus tailored to local tastes, Netflix through partnerships with Indian studios, and Amazon with offerings like Karigar and multilingual support to reach tier-II and -III cities. For OpenAI, beyond an affordable plan, this means building India-specific use cases, such as support for regional languages and tools for Indian businesses. The company seems to be on that route—it has already enabled payments through the Unified Payments Interface, and GPT-Go has been enhanced with Indic support.

## **India as AI’s proving ground**

This also serves a wake-up call for India’s AI industry, still in its early stage, as it now faces direct competition from global players. However, promising signs include Sarvam AI, the first private start-up chosen under the IndiaAI Mission to build a sovereign foundational model, launching Sarvam-M, a 24-billion parameter multilingual large language model that reportedly rivals Meta’s Llama on reasoning and language tasks. Ola’s Krutrim has also been integrated into its ecosystem. Yet, despite their edge in multilingual support, both models have seen tepid developer response, underscoring the need to refine offerings to secure a durable advantage. India’s AI market is ripe for the taking. Around 93% of Indian consumers already use generative AI tools directly (such as ChatGPT or Claude) or indirectly through platforms with embedded features. The player that adapts fastest to these dynamics will not only capture India’s lucrative market but also gain a template to scale adoption in other fast-growing economies.

India provides the ideal test bed for product development with its user diversity, mobile-first orientation, and rapid feedback cycles that make it possible to fine-tune features before rolling them out globally. But the point to note is that the future of AI in India will not be won on pricing alone. It will be shaped by how



well each platform adapts to Indian realities, from language to platform access to cultural context. In short, think global, act local. (FE21082025)

## **A trillion-dollar tech momentum**

**India's path to becoming a \$10-trillion economy by 2032 will be built through digital-first thinking, tech-led inclusion, and collaborative innovation.**

By Sindhu Gangadharan



For decades, India has powered the world's digital ambitions from behind the scenes. Today, it is stepping boldly into the spotlight as an architect of the global digital future. With a GDP over \$4 trillion, India's growth is not just about economic scale. It's about digital transformation as a strategy that is inclusive, innovation-led, and designed for the world. At the heart of the transformation lies a powerful engine of innovation, one that has quietly matured into a global tech nerve centre: Karnataka. It's capital, Bengaluru, has become a launchpad for India's trillion-dollar tech ambitions.

We are no longer a nation of coders. We are becoming a nation of creators designing, deploying, and scaling solutions that address real-world problems. A defining example of this shift is Unified Payments Interface (UPI), a domestic innovation now powering 48.5% of the world's real-time payment transactions. More than fintech, it's a story about trust. UPI showed how a secure, interoperable, real-time payment system could be built for a billion people. Today, it is being adopted by countries like France, Singapore, and the UAE.

### **Karnataka: From Back Office to Boardroom**

India is home to over 1,700 global capability centres (GCCs) employing nearly 1.9 million. But these are not traditional delivery centres. They are innovation powerhouses, where critical work in artificial intelligence (AI), cybersecurity, and core product engineering are being designed and deployed. Over the past two decades, Karnataka and particularly Bengaluru has evolved from being India's back-office to becoming the boardroom of global enterprise tech. With over 875 GCCs, the state now hosts more than a third of all GCCs in India, quietly powering the digital engines of Fortune 500 companies.

In 2023, Karnataka became the first Indian state to roll out a dedicated GCC policy—signalling to the world that India's ambition is to lead the next era of enterprise innovation. The GCC policy is targeting 1,000 centres and 350,000 new jobs by 2029, backed by incentives, infrastructure, and policy stability. The blueprint included fast-track regulatory clearances, plug-and-play campuses in emerging tech zones like Whitefield, Electronic City, and Devanahalli, R&D incentives for deep-tech work, and dedicated support for women in tech, environment, social, and governance compliance, and skilling programmes. This wasn't just about offering tax breaks, but also creating a fertile ground where global firms could innovate, hire, and grow seamlessly. In Karnataka, you find everything an innovation-driven enterprise needs—top-tier talent, thriving start-

up accelerators, global R&D labs, and a pool of seasoned product leaders who understand scale and agility.

As the world rethinks its digital infrastructure amid rising geopolitical and economic complexity, Karnataka offers a scalable, sustainable, and strategic innovation corridor. Its rise as the epicentre of GCC evolution mirrors India's transformation from a country that once powered digital systems from behind the curtain, to one now writing the script for what's next.

### **India's Digital Flywheel: From SaaS to Sovereign Tech**

At the same time, India's cloud and software-as-a-service (SaaS) ecosystem is booming. Indian SaaS firms are serving global clients across industries, with exports expected to contribute tens of billions of dollars. According to a McKinsey report this year, India's ~1,000 SaaS firms generated around \$2.6 billion in revenue in 2021, and is projected to reach \$50-70 billion by 2030. A SaaSBoomi-McKinsey study confirms this growth trajectory and highlights the addition of supportive capital and generative AI integration as key accelerators. The rapid expansion of data centres and localised cloud zones has made India a digital springboard, not just a delivery hub but an innovation lab. India's data-centre capacity, which stood at roughly 950 megawatt in 2024, is expected to nearly double by 2026. Driving this surge is India's digital public infrastructure, which the World Economic Forum recognised last year for supporting financial inclusion, competition, and equitable economic growth.

In addition to UPI, platforms like Aadhaar and DigiLocker are empowering millions with identity, payments, and data access. These tools have deepened financial inclusion and spurred new digital businesses, from micro-lending to telemedicine. Perhaps the most remarkable part of the journey is how bottom-up it is. Over 800 million Indians are online today, nearly half of them from rural areas.

To build on the momentum, India is uniquely positioned to accelerate progress on a few critical points. First, there's an opportunity to foster stronger collaboration between academia, industry, and government. By empowering top universities in deep-tech research, we can unlock the next wave of innovation. Second, India can scale its innovation-to-globalisation pipeline moving from creating cutting-edge technology to shaping leading solutions. With investments in deep-tech sectors like quantum computing, robotics, and advanced semiconductors supported by sovereign innovation funds and high-tech corridors, India can also set benchmarks.

India's path to becoming a \$10-trillion economy by 2032 will not be led by traditional models alone. It will be built through digital-first thinking, tech-led inclusion, and collaborative innovation. A convergence of factors—a young, skilled population, trusted digital infra, thriving start-up ecosystem, and a government that sees innovation as nation-building—makes this vision credible. The momentum is visible in the deep-tech breakthroughs emerging from R&D labs, start-ups, GCCs, and public-private partnerships. Karnataka exemplifies how India can scale up this model. India's next leap won't be defined by scale alone, but by the strength of its ideas, the depth of its talent, and the boldness of its vision. (FE09082025)

## **BANKING**

### **Banking needs to revisit role**

**Disintermediation driven by retail participation & financial awareness healthy for financial system.**

By Ashvin Parekh



If one were to analyse the gradual reduction of bank deposits and credit outflows, there could be a larger phenomenon at play. Against the backdrop of some core trends—including the shift from physical to financial assets, rise of retail investors, role of technology and fintechs, the gradual distancing by corporates from banking lending, and the growth of corporate bond market as well as the primary market for equity and debt instruments—the banking system will have to re-examine its role. We are witnessing clear disintermediation as household savings are progressively flowing from banks into capital markets and corporates are tapping equity and debt markets instead of depending solely on banks.

This typically exerts downward pressure on banks' profits and the quality of their assets. The first major impact is the reduction of net interest margins, a major source of income for banks. The second impact is the gradual loss of high-value customers, followed by increased competition and pricing pressure. Banks, as we have witnessed in the past five years, have increasingly become slower in interest rate transmission of policy rates to protect their net interest margins. To arrest the profit decline, banks can pursue fee-based and advisory services, agency businesses, and digital financial products, leading to the gradual shift towards alternative revenue streams. There is one more dimension to the disintermediation impact—it affects the banks differently.

As disintermediation continues to accelerate, smaller banks, including co-operative banks, regional rural banks, and small finance banks (SFBs), will indeed come under significant profit pressure. This could create broader systemic challenges and potentially drive consolidation in the sector. SFBs are already seeing their profitability decline, with return on assets expected to drop to about 1.75% in FY25 (from 2.1% in FY24), mainly due to lower interest margins and higher credit cost. As more savings and borrowings move to capital markets and fintechs, the cost of maintaining customer deposits and sourcing loans rises for smaller banks. In addition to narrowing margins and rising costs, smaller banks will have gradual loss of traditional customers.

They depend heavily on traditional trust and rural and small-ticket banking. As savers and borrowers gain more direct access to digital platforms and capital markets, these institutions risk losing their core customer base, leading to further income pressure and gradual exclusion of low-income segments. One should also recognise that unlike large banks smaller banks may lack the resources to rapidly innovate, digitise, or diversify revenue streams.

They also face operational complexities if they enter new service areas to offset business lost to capital markets and digital channels. Smaller banks, policymakers, and the regulator will have to address the systemic challenges including those of financial inclusion, regional imbalance, and sectoral stability. One possible result could be the consolidation of smaller banks. There is a constructive outcome from the amalgamation among regional rural banks and state-level measures to merge smaller, weaker banks, particularly the small co-operative banks, as a response to profitability and viability concerns. There is potential for increased mergers, which could strengthen the efficiency and competitive landscape. The consolidation of public sector banks has also placed the merged entities to respond to the challenges of disintermediation far more effectively than they could have without consolidation.

Let us now examine a macro and stronger driver of disintermediation. Is the retail investor's shift from putting their savings in bank deposits to capital market products like stocks, mutual funds, systematic investment plans (SIPs), and particularly exchange-traded funds (gold and silver), a sign of growing financial literacy in India? There are signs of financial literacy impacting disintermediation, but the picture could be nuanced. In the Indian context, there is certainly a positive correlation between the two. Studies confirm that higher financial literacy is associated with more sophisticated financial behaviour such as greater willingness to invest in mutual funds and equities, better debt management (of their EMIs), and diversified portfolios.

In many ways, it is evident from the surge in demat accounts, which have grown to more than 200 million, suggesting growth of 20% year-on-year in the past five years. Likewise, the assets under management of mutual fund companies have been growing at a dramatic pace, and so has the investment in the new asset classes. The surge in financial asset purchases with bullion underlying has been phenomenal. Then there is the retail surge in SIP growth. Month-on-month, the mutual fund industry is mobilising an increasing amount in SIPs with new investors entering the markets, signalling increased retail awareness and participation.

This reflects not just digital accessibility but also a basic understanding of investment instruments and vehicles. It has led to short-term behaviour and an increased risk appetite. While many new investors are seeking higher returns, some are influenced by short-term gains and market euphoria. The question that may arise is whether this is a healthy sign. There are some positives to this trend, including aspects such as financial empowerment and inclusion leading to market expansion, investment choices, reduced household reliance on low-yield deposits, and long-term wealth creation. It is also evidence of progress. Studies



reveal that steady gains in average financial literacy have a direct association with a shift to institutional savings and invested assets. Products like SIPs are a long-term vehicle, demonstrating some shift toward systematic and disciplined investing, not just speculation.

There are risks and caveats to this as well. A knowledge gap remains and herd mentality, the fear of missing out, and short-term reward chasing may expose inexperienced investors. There can also be a potential for asset bubbles resulting from unchecked risk appetite and trend-based investing, which could erode trust if market corrects sharply.

Disintermediation could lead to pressure on the banking system and demand that the industry become more efficient and innovative to look for alternative revenue opportunities and/or consolidate. However, disintermediation driven by rising retail participation and financial awareness is largely healthy for the Indian financial system, if paired with continued financial efforts, robust investor education, and protection against mis-selling and market excesses. It will call for deepening true financial understanding and prudent regulatory oversight to guard against behavioural excesses and systemic vulnerability. (FE25082025)

## **FOREIGN EXCHANGE**

### **Quality over quantity**

**RBI's plan to set up regulatory review cell could build impactful legacy with good execution.**

By Shinjini Kumar



The Reserve Bank of India's (RBI) announcement to set up a 30-member Regulatory Review Cell (RRC) to “streamline and rationalise” their regulations/directives/circulars and hopefully clarifications and counter-clarifications issued over time, is a truly welcome move. If executed well, it has the potential to build the legacy of the governor that will be remembered by the industry for years to come. On the other hand, it runs the risk of becoming yet another exercise in bureaucratic tough talk and creating a cascading effect on the same stakeholders, which may either maintain status quo or be only marginally better: a well-meaning gesture, to be celebrated but without easing the lives of regulated entities, professionals, or the ever-growing circle of legal entities caught in the web of compliance. Because the much-loved and admired RBI touches the lives of a billion-plus Indians, not just through inflation targeting or monetary transmission-however tenuous-and know your customer (KYC) requirements, but also through a vastly inclusive digital transaction capability, frequent KYC refresh, financial fraud mitigation, cross-border transactions and so on.

So, what will it take to make this impactful and worthy of legacy? I am sure there are enough capable minds at play to grapple with this question. But as someone

who has worked inside and outside of the RBI for an equal number of years, I would highlight the following:

### **Brutal honesty while assessing the status**

Often, a leader coming in from outside has the ability and desire to identify complexity of processes that are not as obvious to the teams that are used to them and have also developed a fear of letting go. It will help to rise above this and recognise that complex, overlapping, and obsolete regulations are not a statement of failure, but simply a function of degradation and mismatches that set in with time and an inevitability.

### **Identifying stakeholders**

Having heard industry leaders sitting on both sides of the table, there seems to be a compulsive need to understate difficulties and overstate praise. Teasing out specific pain points from senior leaders of business or compliance is difficult, because they do not suffer at the operational level. More importantly, they would rather save their goodwill for a rainy day, of which there seem plenty anyway! Hence, identifying people who deal with regulations at operational and interpretation levels is key.

### **Engaging with stakeholders**

This is always the tricky part. More than other regulators, or government departments, the RBI is simply difficult to meet. It is not clear if limited public dealings contribute to higher integrity, but it surely insulates its operational staff from being exposed to implementation nuances and second- or third-order impact. Consider chartered accountants. In the foreign exchange arena, the RBI relies on CA certifications in bulk, but they are always reluctant to meeting CAs. The expectation is that the bank, as an authorised dealer, will ensure compliance and solve all queries. There is an interesting incentive mis-alignment here. The

CA is the one charging the client and the keenest to solve the problem. The bank, on the other hand, is not charging the client, and therefore has high obligation and low incentive to solve. Interestingly, this is also the reason why the RBI likes the latter and dislikes the former. But in an age of increasing complexity in trade and transactions, this leads to delays and pain all around.

### **Delineate intent upfront**

Many of the RBI's departments are engaged in development or facilitation tasks. But the approach of the staff and the tone and tenor or the dispute resolution or query mechanism are the same as the regulatory departments. This is obvious because the cadre is the same, and it is not very different from how administration in general is set up. But articulating that the financial inclusion department would strive to make it easy to include without compromising on safety, or that the foreign exchange department is to facilitate foreign trade or investments without allowing for money laundering or leakage, can help. It sounds simple, because it comes from a simple directive an early boss gave me when posting me to handle the FDI desk in RBI New Delhi in 1994, "These are people coming to your country to do business, make it easy." That is also when the RBI introduced a citizen's charter, eventually mandating it for all banks. It is still a living document, but only a document.

### **Have a query mechanism**

Of course, there is no overstating the need for a dialogue box, almost as good as what we expect from any service organisation, especially in the trade, investment, or transaction facilitation areas for clarifications and suggestions. This feedback mechanism can then be used by the RRC to do the job they have set out to do.

### **Co-ordination**

Over the years, with the growing economy, fiscal and regulatory authorities have also increased. While at the policy level there are committees and institutional mechanisms to ensure co-ordination or alignment, at operational levels it is still left to intermediaries and market players to linearly solve inter-agency problems of varying complexity. In addition, these solutions, when found, do not make it to any publicly available resources that can be relied upon. There also needs to be an official clearing house for operational queries.

To conclude, great intent needs to be coupled with great execution to get us to the goal of better understanding and alignment between regulators, regulated entities, intermediaries, and market players for a less bureaucratic and more efficient mechanism to support one of the world's largest and most ambitious economies. To that end, the number of regulations is not the material parameter to celebrate or berate; it will be their relevance. (FE16082025)

## ECONOMICS

### Thumbs up for economy

**A sovereign rating upgrade alone isn't enough but it can be a great enabler.**



It took 18 years to correct itself, but S&P's vote of confidence in the Indian economy should still bring confidence and cheer, especially because of the rating agency's belief that the US's punitive tariffs can be managed. In fact, S&P is of the view that the fiscal cost of India substituting Russian oil imports would be modest. The agency had upgraded India's outlook to positive in May last year. In that sense, Friday's decision to upgrade India's sovereign rating to BBB from BBB-, accompanied by a stable outlook, essentially reinforces the prevailing perception that India's economy is in good shape in a volatile world.

### **Fiscal prudence and growth resilience**

There's no doubt that the economy is doing well on virtually every front, having recovered nicely from the pandemic without giving up on fiscal discipline. Indeed, the compression of the combined fiscal deficit—from 9.45% in FY22 to 7.48% in FY26—has been most impressive. It is to the government's credit that the finances have been so well-managed. Despite staying on the path of fiscal consolidation, the government has continued to spend on capex, enhancing the quality of the expenditure. As S&P has said, the total public investment in infrastructure is estimated to be 5.5% of GDP, which is equal to or higher than that of the peer economies.

The fiscal prudence has played its part in reining in inflation and allowing interest rates to trend down. Given the focus on aligning the deficit with the debt, one can expect both to be kept in check. Moreover, the debt service ratio would also fall with the cost of borrowings for the government coming down. Already, the central government's debt-to-GDP ratio has come off to 80.7% in FY25 from 89.5% in FY21. On the external front, the current account deficit is well within control and should remain that way although exports have been under pressure and could be further hit unless the issue of high US tariffs is sorted out. While the rupee has depreciated over the past few months, India's forex reserves kitty is a chunky \$690 billion.

## **Upgrade impact on capital flows and markets**

What's important is that India is the only large economy growing at a brisk pace of over 6%, having bounced back smartly from the pandemic trough, demonstrating a remarkable resilience. In a forecast that probably surpasses those of most economists, S&P expects India's GDP to grow by 6.8% annually over the next three years. Many would doubt such robust projections for an economy which will be even more dependent on the domestic market. But should the growth sustain, the government's balance sheet would be stronger as the debt-to-GDP ratio is likely to fall further. Indeed, it is the "sound fundamentals" and the potential for the growth momentum to sustain that has convinced S&P to revising its rating and it won't be surprising if other ratings agencies follow suit.

The S&P upgrade, which puts India on a par with Indonesia and Mexico, would lower the credit premium on the sovereign's debt and lower the cost of borrowing for companies tapping overseas markets. It should also fetch India a bigger weight in emerging market bond indices enabling more portfolio flows into the country's debt markets and lowering bond yields. Cheaper capital should boost credit flows which have so far been relatively weak. An upgrade alone certainly cannot release India Inc's animal spirits but it can be an enabler. (FE15082025)

## **A big beautiful rating upgrade**

**S&P lift for India could be the lynchpin its Aatmanirbhar Bharat quest.**

By Soumya Kanti Ghosh





Coming on the eve of India's 79th Independence Day, the sovereign rating upgrade by S&P, vindicating economic resilience and sustained fiscal consolidation, is a celebration of the very idea of India. For the record, the last time India was accorded a BBB sovereign rating was in 1990, the balance-of-payments crisis washing away the house of cards by March 1991.

Basis S&P, credit ratings are a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial programme (sovereign ratings are counted under the issuer categories).

In terms of rating, India has been often undershooting its true state of affairs in the eyes of major raters despite robust performance on all metrics, in particular on governance, stability, and technological prowess of late. This situation has often looked comical when the story is calibrated against comparable economies placed in a better rating cohort, many faring poorly on primary parameters—namely debt to GDP, fiscal prudence, growth dynamics, and capital markets vibrancy, not to speak of latent yet important traits such as innovation quotient, start-up economy, uplifting hundreds of millions from poverty, digital revolution that has made technology a public good, robust adoption of mass frictionless

payment, and an instantaneous settlement architecture and stopping leakage through a full-proof direct benefit transfer system.

### **Why the timing matters**

Timing is of utmost importance in the present upgrade. Given that a sovereign credit rating is an independent, forward-looking, unsolicited assessment of the creditworthiness of a sovereign entity, the latest upgrade along with a S&P Global Ratings statement rejecting the ill-conceived notion of proposed tariffs having a material impact on India's growth story reinforces the growing Indianisation on the anvil that makes the desi narrative enticing while simultaneously looking outwards to credible and trustworthy trade and exchange partners sans uncertainty or volatility.

S&P has cited a stable outlook, widely reflecting expectations of continued policy stability and high infrastructure investments as twin engines to rev up India's long-term growth propositions even as sound economic fundamentals are anticipated to support its momentum over the medium term. It is worth noting that S&P had already upgraded the outlook to positive in May 2024 even though it kept the sovereign rating of "BBB-", citing robust economic growth as a driver then as well.

Interestingly, S&P has gone ahead accepting a growing middle class and its colossal purchasing power as one of the deciding factors to clinch the deal. This needs special mention as it aligns and reverberates with our domestic prowess led by a growing services sector expansion but upended by largely unnoticed micro, small, and medium enterprise and agri/allied formalisation that is changing things at the grassroots for good.

### **Implications for India Inc and investors**

Since sovereign credit ratings have a direct bearing on global ratings of domestic corporates when they raise resources from overseas investors, it will improve the risk perception associated with the ability of marquee names in India Inc to borrow at a lower effective cost. Such a development should have a trickle-down effect on others, in particular the non-banking financial institution sector that has shown a marked preference for tapping overseas markets.

Another key factor is the mapping of domestic issuers that are assigned rating by global credit rating agencies vis-à-vis domestic ones, where the ratings are dissimilar despite the seeming sameness of scale by both. Basis CRISIL, while global scale ratings are assigned on an assessment of the issuer in relation to other issuers globally, domestic raters such as CRISIL benchmark the issuer against other domestic issuers. Hence, the logjam that may seep into pricing and risk conversion asymmetries. Higher rating and a better outlook solve this paradox to some extent.

Attracting foreign direct investment (FDI), besides cost-effective borrowings in external debt markets, serves as a motivation for many sovereigns as it boosts investor confidence in the ability of a country. It also extends to barrier-free return on investment/return on invested capital through profit repatriation or selling stakes via buyouts.

With global FDI (ex-flows through conduit economies) remaining non-buoyant in 2023 and 2024 but emerging markets and developing economies showing inflow growth in post-pandemic years reflecting a trend reversal vis-à-vis developed market counterparts, a rating upgrade now anchors our quest to attract a higher share of FDI, net of exogenous barriers.

With India likely to secure a favourable trade deal once the tantrums dissipate, the rating upgrade can be the lynchpin in our Aatmanirbhar Bharat quest, cementing India's position in the renegotiated supply chain landscape.

A major area to watch out for is credit default swap markets that act as a barometer of investor faith in an economy's strength and resilience. They invariably have a bearing on foreign investors' psyche, along with spreads computed from bond prices.

S&P forecasts India's real GDP growth at 6.5% this year, which is on the more pragmatic side when compared to other forecasts. S&P notes that US tariffs will have an overall marginal impact and not derail India's long-term growth prospects. This is because, minus sectoral exemptions on pharmaceuticals and consumer electronics, the exposure of Indian exports subjected to tariffs is lower at 1.2% of GDP. The current account deficit is expected in the range 1.0-1.4% for 2025-2028. Consumer price index is expected in the range 4-4.5% till 2028.

Of course, the evolving environment warrants caution against major slippages in any significant head, in particular fiscal prudence. Thus, this could be a clarion call to revisit the playbook and plug the loopholes while formulating policy endeavours that reinvigorate our animal appetite with a Jai Hind attitude. (FE15082025)

## **Shaping cleantech transition**

**India has a rare chance to define a green industrialization model for the Global South.**

By Amit Kapoor & Jagjeet Sareen

As India charts its journey towards becoming Viksit Bharat by 2047, two priorities are emerging as the pillars of its transformation: Economic resurgence through manufacturing and climate leadership without trading off India's development priorities. The convergence of these priorities places sustainable manufacturing at the heart of India's development agenda. However,

manufacturing accounts for a meagre 16-17% of GDP compared to China's 27% and Vietnam's 23%, so it lags behind the benchmarks set by high-growth Association of Southeast Asian Nations economies. Additionally, post-pandemic labour market shifts have seen the share of agricultural employment rise from 41% to 46%, highlighting continued dependence on low-productivity sectors. In the current global landscape, India faces significant challenges from the climate crisis and geopolitical tensions to volatile supply chains. The question is no longer whether India can become a manufacturing powerhouse, but if it can do so by building a sustainable, circular, and globally competitive manufacturing ecosystem.

Yet, this industrial transformation cannot follow conventional paths. Global markets are rapidly recalibrating around decarbonisation. As the European Union's Carbon Border Adjustment Mechanism and similar tools reshape trade, carbon intensity is becoming a determinant of market access. China dominates this landscape, controlling over 80% of global solar module manufacturing and 95% of wafer production. India, by contrast, holds just 5% of planned and existing module capacity. In battery manufacturing, India's 12% share of committed global capacity places it among the top three emerging contributors but still reflects a relatively shallow industrial footprint. Moreover, India's borrowing costs remain steep, with utility-scale solar financing averaging around 9.9% compared to 4-5% in Europe/China, while sovereign yields run ~6.36% versus 3-4% elsewhere. While emulating China's trajectory might not align with India's development needs, India's opportunity lies in innovating early in alternative technologies, investing early in emerging solutions, and designing industrial policy around the systemic integration of innovation, not just output volume. Technologies such as sodium-ion batteries, perovskite photovoltaics and solar thermal applications, and bio-based materials offer viable alternatives. The challenge is not at the level of scientific capability where India performs respectably, but at the stage of industrial deployment. Promising innovations

routinely stall at the pilot phase due to risk-averse capital and unclear commercialisation pathways. Addressing this gap requires a shift in financing architecture favouring blended capital models, outcome-based subsidies, and risk-sharing mechanisms.

Moreover, clean technologies are not stand-alone verticals—their value lies in how they complement and reinforce one another. Renewables with storage, smart grids enabled by digital infrastructure, and green hydrogen linked to hard-to-abate sectors are critical to create a powerful ecosystem. India's success hinges on industrial co-evolution through simultaneous development of interconnected industries that share technologies, expertise, and supply chains. Without enabling infrastructure, returns from individual technologies will diminish. Public R&D and private-sector deployment need closer alignment; academic institutions must connect with industry; and national missions should prioritise system integration over technology silos. A comprehensive ecosystem approach with right-sized financial incentives, as envisaged in the recently unveiled Research and Development Initiative, with an allocation of Rs 1 lakh crore, could be a game-changer for building next-gen cleantech in India. The volatility of global supply chains adds a layer of complexity as India remains dependent on the import of critical minerals and advanced manufacturing inputs. The government's critical minerals strategy is still in its early stages of execution and lacks clear linkages to downstream manufacturing capacities. Full value-chain integration from exploration and refining to recycling and reuse will be necessary to mitigate strategic risks and achieve scale.

An equally significant constraint lies in human capital. India's formal skilling levels remain alarmingly low, with only 3.74% of the workforce aged 12-59 receiving vocational and technical training in 2023-24, compared with 24% in China, 75% in Germany, and over 90% in South Korea. Cleantech manufacturing demands multidisciplinary capabilities in materials science, data systems, and

environmental systems thinking. This requires vocational upskilling and reconfiguring tertiary education and public training systems, with close industry collaboration to align curricula with market needs. The potential of India's demographic dividend depends on translating it into productive capabilities. Part of the Rs 60,000 crore recently approved for Industrial Training Institute upgrade can help build the cleantech workforce.

The same logic extends to circularity. While India's policy on the circular economy has matured with extended producer responsibility frameworks, implementation remains uneven. Often mistaken for end-of-pipe recycling, circularity demands redesigning production systems from material selection and product design to take-back logistics and secondary markets. Without traceability systems like digital product passports, circular manufacturing will remain marginal. Finance cuts across all these constraints. India's green finance has largely flowed into energy and transport, with manufacturing excluded. The green industrial transition will require over \$10 trillion by 2070, with a significant share directed to manufacturing ecosystems: industrial clusters, technology adoption, skills, and material innovation. Policymakers must make cleantech the default choice. Outcome-linked incentives, tax credits for industrial decarbonisation, and concessional capital pools can mitigate investor risk. Cleantech manufacturing must also be recognised as a Tier 1 green activity in India's Climate Finance Taxonomy, signalling its importance to financial institutions.

Above all, India's cleantech transition needs institutional coherence and coordinated execution. Industrial policy remains fragmented across ministries. Cross-sectoral working groups with implementation authority, not advisory roles, are essential to align mandates, cut regulatory friction, and speed projects. The state's role must shift from controller to enabler by co-investing where necessary, de-risking where possible, and regulating where essential. What is needed now is deliberate statecraft, not another announcement. The National Manufacturing

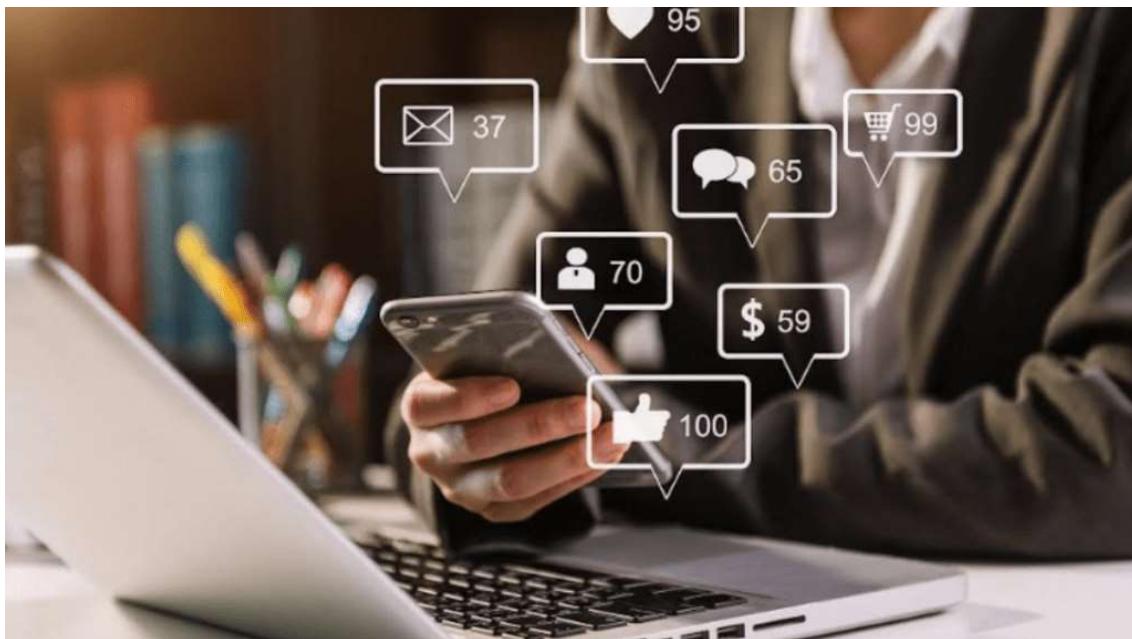
Mission announced in the Union Budget for FY25, with cleantech manufacturing central to India's competitiveness, is a significant step. India has a rare chance to define a green industrialisation model for the Global South: Clean yet scalable, competitive yet inclusive, export-ready yet locally grounded. The question is not if India can build factories, but if it can build the institutional and technological capacities to compete in a world where low-carbon production is a precondition for participation. (FE12082025)

## ADVERTISEMENT

### **Digital to corner 60% of India's ad spend in 2025, but measurement gaps persist**

**Every platform defines its own metrics, from what counts as a view to how conversions are attributed, leaving advertisers with inconsistent yardsticks and agencies with the task of stitching together fragmented dashboards.**

By Geetika Srivastava





Digital advertising is now the backbone of India's media economy, expected to grow 11.5% in 2025 with 10,225 crore in incremental spends, and push its share to nearly 60% of overall ad spends (1.6 trillion). Yet, for all its scale, the industry remains without an accepted framework for measurement and best practices.

Every platform defines its own metrics, from what counts as a view to how conversions are attributed, leaving advertisers with inconsistent yardsticks and agencies with the task of stitching together fragmented dashboards.

The absence of structure has prompted industry players to step in. DS Group-WPP Media's "DCODE: Your Guide to Digital Marketing 2025" released last week offers straightforward advice: Embrace change as digital becomes central, design results-driven strategies, and adopt frameworks that promote efficiency and consistency.

## **Key trends**

The guide also points to the rapid growth of India's internet base, the surge in digital video consumption, and the dominance of online advertising as key trends marketers must align with.

Such efforts highlight the scale of the problem facing both brands and advertisers. "The biggest challenge is inconsistency," says Ekta Dewan, head of marketing, Incuspaze. "Advertisers are often comparing apples to oranges across platforms. One publisher may define a 'view' differently from another; one platform may optimise for impressions, and another for engagement."

This makes ROI calculations fuzzy and creates room for inflated metrics that don't tie back to business outcomes, she adds.

Agencies say the lack of alignment hampers planning as well as accountability.

## **Breakneck speed**

“Digital has grown at breakneck speed, but each walled garden has its own measurement ecosystem, and none are incentivised to open up fully,” notes Yasin Hamidani, director, Media Care Brand Solutions. “Consensus across such competing interests is hard to achieve, and technology standards evolve faster than industry coordination.”

The consequences are felt most directly by advertisers. “The absence of standardisation raises the cost of validation because brands end up commissioning their own measurement layers to bring some parity,” observes Ambika Sharma, founder and chief strategist, Pulp Strategy.

Globally, markets like the US and UK have attempted to create industry-backed standards for brand safety, viewability, and fraud prevention, say experts.

They argue India needs a similar coalition-driven approach that reflects its mobile-first and regional-heavy ecosystem. “Advertisers fund the ecosystem,” Hamidani says. “Brands and agencies need to push harder for transparency, else digital will continue to be the most invested yet least consistently measured medium of all.” (FE25082025)

## **ENTREPRENEURSHIP**

### **Women entrepreneurs push for bigger share in global supply chains**

**Amid evolving global trade dynamics, women-owned businesses (WOBs) in India and South Asia are actively working to increase their participation in international supply chains.**

Women-owned businesses (WOBs) in India and South Asia are stepping up efforts to secure a greater role in global supply chains, amid shifting trade dynamics driven by geopolitics and digital disruption.

At the South Asia Summit hosted by WEConnect International this week at the World Trade Centre, Mumbai, hundreds of women entrepreneurs and procurement leaders gathered for a day of keynotes, networking, and business matchmaking.

“We’ve seen a growing demand for products and services from Indian women-owned businesses, but they remain largely invisible in global supply chains. That’s a market failure we are committed to fixing,” said Elizabeth A Vazquez, CEO and Co-Founder of WEConnect International, a global non-profit linking women-owned businesses with qualified buyers.

### **Women’s role in business**

While women own nearly 33% of privately held businesses and influence over 80% of consumer spending globally, their share of corporate procurement is less than 1%. WEConnect is working to bridge this gap through capacity building, improved access to capital, and direct engagement with global buyers.

### **Overcoming barriers through technology and support**

Vazquez urged women entrepreneurs to embrace and shape emerging technologies such as artificial intelligence, calling its adoption “an urgent imperative.” The summit showcased WOB successes in sectors including technology, textiles, agriculture, and business services, and stressed that inclusive sourcing is a business advantage in today’s evolving economy.

“Leaving women out of supply chains is not just unfair—it’s bad business,” Vazquez said. “Our job is to unlock value hidden in plain sight.”

According to a report by OECD, the global movement to address women's underrepresentation in supply chains is gaining momentum. Best practices suggest moving beyond capacity-building for women alone, instead advocating for systemic change and inclusive policy design within corporations and governments. Building ecosystems that make financial, networking, and learning resources accessible is essential for women entrepreneurs to thrive in global supply chains. (FE13082025)

*Thank You...*