



Opinions

# India to emerge as The Next Super Power, Post Corona Crisis

📅 April 23, 2020    👤 Dr. Vikas S. Chaturvedi

*India to emerge as Most Trusted Partner in Asia for West ; China has lost its Credibility as a Trusted Partner ; Corona will be a game changer for India ; Immense Opportunity for India – India to show the way to the World ; Localisation will be preferred mode of business; For next few years, we have to live Corona Way*

## Background

For sometime I have been deeply observing the panic created in the world and by each passing day have been a more strong believer of my following analysis towards where the world will be heading in times to come. Though I write this article with an element of uncertainty and hope, I am confident that Humanity coming together will finally emerge as victorious !

It's 23rd April 2020, the entire world has come to a stand still. No one in the world some 8-9 weeks back imagined that all of sudden the entire world would witness such a Global lock-down. The fear of Corona Virus (or so called Wuhan Virus) has stuck everyone in all the aspects. Till now over 2,480,000 cases has been registered for Corona Virus, resulting in over 170,000 deaths. This pandemic has lead to "Uncertainty" in all sense that has not been imagined by the human mankind. It is impossible to spell the economic impact yet as the Virus continues its rage. The depth of damage and longevity of the rage both are extremely Uncertain. The Virus has done significant damage already to the world and as per recent UN estimates the whole world is heading towards a heavy recession for 2020 with a heavy loss of Trillion of dollars of Global income. However there might be 2 probable exceptions, China and India. Both the countries will grow, based on the legacies they have created thus far. In my view the way Countries will do business in future with China will change phenomenally – which would bring India on the pedestal to become the Super Power of Modern Times!

**Credibility of China is an Issue, henceforth. Is Corona Virus – China's Bio Weapon against the World?**

Lot of theories are doing rounds on whether the Corona Virus – has been purposely created by China to bring the Global economy on its knees and gain a Super Dominance in the world, specially in times when Chinese economy for past couple of years has been struggling to meet its expected GDP. Below article also gives some insights on Chinese way and vision:

<https://www.forbes.com/sites/johnmauldin/2019/11/12/chinas-grand-plan-to-take-over-the-world/#2c98c8c5ab5d>

There are lot of theories on the origin of the Virus – in coming times it will become more clear whether this Virus was purposely created by China and spread out in the world or whether it was a mere incident that Virus accidentally left the laboratory and got spread in Wet Market of Wuhan and then spread out in the world. Intention will however haunt China in the times to come and certainly it will effect the way world has done business with China in past. We will see a completely different approach in which the world would conduct the business with China. In times to come Localisation, building self sustained economic model will be the preferred theme of the business. We already see a shift towards this theme. Though this will take time as right eco system needs to be build before you can achieve full efficiency in Localisation.

#### **Europe and US have suffered the Most**

Over 75% people globally suffering by the virus are either people living in US or Europe. Over 145,00 people have died till date in US and Europe due to the Virus. The Virus has significant economic impact on economies of US and Europe. As per latest data, in US around 22 million people have applied for unemployment benefits in last 5 weeks. This is more then the number of jobs created in US in past 12 years. It constitutes 13.5% of 160 million American work force. By some accounts unemployment rate could reach 20%, the highest rate since great Depression. The number of companies disappearing in these countries is very high. Over 1 million people have already applied for unemployment benefits in EU. Numbers in EU like US are set to drastically increase once the data across European Nations is collated.

#### **Legal Battle: West, Rest of World Versus China**

Due to the massive losses both of lives and economies, there is an increasing animosity building up between West and China. US, UK, France and Germany have been passing on strong signals to the Chinese Government on the possible consequences that China may have in the future. Some advocacy groups in the US have already filed lawsuits against China, claiming USD 20 Trillion Dollars in losses. Given the dependency of the US and Europe on China, it is still not clear as to what will be the form and shape of the battle between West and China – but there is one thing for sure – THAT CHINA HAS LOST ITS TRUST, as a trusted partner. There are some many incidences since the origination of the Virus that put Chinese Trust and Transparency to the world in question ?

Countries like Japan have already initiated efforts to help its companies move the production base from China to Japan.

<https://www.bloomberg.com/news/articles/2020-04-08/japan-to-fund-firms-to-shift-production-out-of-china>

These initiatives will cause heavy damages to China. By the way, this is just the beginning of a new trend that we are going to witness and in months and years to come, which would be very detrimental to China in their long term plans and vision.

### **India leading from the Front and showing the way**

Indian leadership team led by Prime Minister Narendra Modi has been exemplary during this time of crisis. Containing this deadly Virus in a population of 1.3 billion people is not less than Hell of a task. PM Modi announced the complete lock down (which for a democracy like India, is the boldest and courageous decision – due to its significant economic impact on daily wage earners) much ahead of time and is able to successfully contain the spread of the Virus, so far. By far the decision on complete lock down has proven to be successful. A lot of other countries following the decision of India on complete Lock Down has adopted similar tough measures. Further India's Pro Active and Helping Approach in reaching out to its global friends for supply of HCQ and other medical supplies have been deeply appreciated. PM Modi in last 4-5 weeks had virtually spoken with all heads of states and discussed the co-operation on fighting with Corona, and is of the firm view that Humanity coming together will take the world out of this mega crisis.

In last 5 years PM Modi has promoted Make in India across the world and has built Trust and Friendship with all sections of world leaders both in politics and business community. Due to continuous hard efforts, simplification of various laws and building Infrastructure in the country in last 5 years, India has gained significantly on doing business Index. Ease of doing business has tremendously increased in India. Below Chart shows the overall gain by India in World Bank Rankings.



Over 1000 Foreign firms are in advanced discussions to mull production to India. This will create significant job opportunities and will boost India's GDP in upcoming financial years.

<https://www.businesstoday.in/current/economy-politics/1000-foreign-firms-mull-production-in-india-300->

[actively-pursue-plan-as-exit-china-mantra-grows/story/401462.html](https://www.bbc.com/news/india-571462.html)

Recently, PM Modi has spelled five pillars of his vision of a new business and work culture, including adaptability to survive future crisis, efficiency, primacy to caring for the poor, new opportunities emerging in the post-corona pandemic world and unity and brotherhood.

India hosts a plethora of investment opportunities across 27 sectors and 69 sub-sectors. These opportunities, both brownfield and greenfield vary across stages of implementation. To know more about the news, updates and investment opportunities one can visit the following link :

<https://indiainvestmentgrid.gov.in/opportunities>

### **Challenges in India that needs to be addressed**

Though it is not going to be an easy and soft ride, in my view, India will be set to be on the pedestal of becoming Super Power, post Corona Crisis. There are lot of areas that India needs to focus on in coming times :

1. Create more conducive and attractive Industrial Policy (for all sectors and all types of businesses)
2. Provide significant stimulus in the economy to spurt consumption and provide livelihood to daily wage earners
3. Simplifying the Corporate and Tax Laws further. Though for new manufacturing Units Govt has already introduce CIT rate of 15% which is a welcome step in this direction
4. Create more sustainable Jobs – this is the biggest task before the Government and the current government has not been able to achieve much on this front so this should be a key focus area, else the population which is seen as demographic dividend would turn into the biggest problem
5. To Focus on becoming the Food factory of the World and save the backbone – The Agriculture sector of the country. Though India has been putting lot of efforts but has not achieved much since there are lot of structural issues that needs to be dealt with.

### **Conclusion**

Though this article is predominantly based on optimism towards India under current global trends, there are lot of areas where India need to focus and put hard efforts to achieve the desired goal. Under dynamic and able leadership of PM Modi, India is perfectly placed to leverage on the faith and trust it has build over across the world.

### **About the Author**

Dr Vikas Chaturvedi is an expert on India-EU economic and trade relations. He is Founder and CEO of Valuecent Consultancy, Founder Chairman of ASSOCHAM Europe, The Institute of Chartered Accountants of India – Netherlands chapter, Indo-Dutch Financial Corridor (IDFC). Besides, he is an International Tax and Financial advisor to various large Multinational corporations and closely works with various government bodies.

← Stock futures little changed as Wall Street struggles to rebound from two days of steep losses

SBI Cards reports outstanding borrowing at Rs 17,363 cr at FY20-end →



**Dr. Vikas S. Chaturvedi**

Founder and CEO at Valuecent (VC) Group