

Dear All

Economic Times in India asked me to do the keynote at the annual CFO summit. The topic was – Turning Point in India, have we reached there post the pandemic?

Link to my presentation for your reading benefit: <https://bit.ly/3gK5LA8>. Whichever country you are in, you can look at similar data and see what that means for the country.

This is what I said in the course of the keynote:

1. I see 2023 as the first real year for any like for like comparison since 2021 has had its share of covid hiccups and 2022 comparison vs 2021 will be skewed in a few quarters, and we haven't seen all markets fully open.
2. If you look at 2021, only 5 countries will grow their GDP bigger than 2019, 3 countries will grow it at between 0 to 1 % growth against 2019 and 4 will decline vs 2019. Brazil and Russia continue to be challenged covid or no covid.
3. Unemployment hit a peak rate 15 % in August/September 2020, and it has tapered down to levels of 7 to 9 % now. Normal unemployment is about 7 % globally in any given year. Stimulus packages have helped contain the problems associated with unemployment.
4. All stock exchanges have done well, the top 3 stocks in every industry have done well in most stock exchanges. The good companies have increased their market cap.
5. India has thanks to the pandemic a better spread of sectors on the stock exchange, this is good news for the retail investor in India.
6. Companies have cut down their debt in the last 18 months. In India the top 30 companies have cut their Debt to EBITDA ratio from 2.85 to 2.2
7. Digital adoption at every level has blossomed:
 - E commerce is here to stay and it's just not B 2 C businesses. Many B 2 B businesses have gone digital.
 - A combination of location, identity, payments and guarantee/returns is driving a different behavior.
 - The biggest real estate is the mobile screen, if your app is not on the first or second screen , then you don't stand a chance.
 - Every company needs to be digitally fluent, meaning having a snop process that fully digitized end to end, from customer to procurement, looking at the number of processes that are digital, and what % of processes are digital. Does the company have a one version of the truth or are people looking at different data points and data sources?
 - Internet speeds have gone up 60 % in last one year vs the previous year.
 - Work , location and productivity are no longer linked to the office only.
8. Every economy wants to grow. For an economy that depends on private consumption, that is even more of a challenge as consumers need to go and spend their money. They will only spend if they believe that the future stream of income is good. Private consumption accounts for 68 % of GDP in America, 72 % in Turkey, 55 % in China, 56 % in Indonesia, 48 % in Thailand and 60 % in India. Credit is crucial for growth. In India credit growth has to be about 1.5 to 2 times GDP growth. We are not near that number right now.
9. Apart from these turning points, there are some that have been in the making for some time now. With the rapid spread of social media, most governments are bringing in some censorship/regulation. Consumer data privacy is becoming a hot topic. Global minimum tax will happen. Current recommendation for a global minimum tax is 15 %. There are countries like Ireland who are below this. The global minimum tax states that countries must benefit if the consumption of the goods or services is in that country. This will help the more developed countries as tax havens will be challenged.

10. Central banks in every country will issues digital currencies, it is a matter of time, if they don't do this, they will lose control of their economies. Expect action here in the next few months, even before this year comes to a close in December.

Feedback welcome

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