28th Annual Global CEO Survey: India perspective

Intelligent reinvention for tomorrow

www.pwc.in/ceosurvey2025

Foreword

2024 foregrounded artificial intelligence (AI) that can work magic in the boardroom as well as the living room, on the shopfloor as well as the dancefloor. Love it or hate it, organisations can no longer afford to ignore this non-sentient agent which is creating new value pools and compelling businesses to either shape up or ship out. It is no more about 'playing catchup', but rather about remaining economically viable in the face of current operational and long-term strategic challenges.

And then there is the threat of climate change – with 2024 being declared the hottest year on record,[1] unseating 2023 with temperatures that were a notch higher. In PwC's 28th Annual Global CEO Survey: India perspective, CEOs weighed in on these two defining megatrends - technological disruption and climate change - whose impact goes beyond the realms of business.

The survey conducted in October and early November 2024 polled 4,701 CEOs across 109 countries, of which 76 were from India.

The magnitude of impact of these external forces on businesses is unprecedented. Furthermore, if climate change – which has been a recurring theme over the past few years – is to be addressed, AI has to be technically, organisationally and operationally scaled up, and at speed. This underlines the need for businesses to reinvent intelligently and unlock new sources of value to address the interconnected forces of climate change and AI.

As the survey indicates, CEOs are cognisant of the fact that their organisations are being pushed to the edge. The report, therefore, examines in detail how these two megatrends are poised to shape the future of business and society, and fuel intelligent reinvention for business viability in the decade to come. Like every year, it also provides insightful data on other macro and micro issues that influence business and organisational dynamics.

1 UN, 2024 to become hottest year on record

India CEOs, for instance, called out technological disruption as the top threat they were highly exposed to, followed by macroeconomic volatility and inflation. Global CEOs, however, indicated they were highly exposed to macroeconomic volatility, inflation and cyber risks, and not so much to technological disruption.

As in 2023, India CEOs, compared to their global peers, were yet again more optimistic about their country's economic growth and their companies' revenue growth. They were also emphatic about correct strategic choices being the most important determinant of their companies' economic viability for more than 10 years. Those strategic choices have, in some instances, resulted in creating new value in motion by leveraging AI as a value driver and climate change action as a value pool.

Moreover, with technological disruption being a major concern for India CEOs, they are keen to embed the value in motion principle across products and services they design, engineer and deliver. Our report substantiates this point. Product and service innovation is the top reinvention action taken to a large/very large extent by India CEOs over the last five years, followed by targeting new routes to market and a new customer base.

Interestingly, over the last five years, four in ten India CEOs – similar to their global counterparts – have already ventured into other industries, generating 1–20% of their revenue from sectors such as consumer, industrial manufacturing, and aerospace and defence. Given India's vibrant consumer market with its range of demands, segments and requirements, government initiatives such as Make in India and Production-Linked Incentive (PLI) schemes, the country's allure as a key player in the global supply chain, and trade agreements, the choice of industries by India CEOs comes as no surprise.

The job market too seems favourable, as 68% of India CEOs (as against 57% last year) are likely to increase their headcount in the next 12 months. Disruptive technology, therefore, appears to have spelt out the need for a larger talent pool with relevant skills, even though generative AI (GenAI) has resulted in productivity gains over the last one year.

In view of these findings, the report sheds light on how businesses can operate in this dynamic environment through a 'sensing-seizing' opportunity loop – identifying issues (sensing) and orchestrating resources to maintain and create new sources of value (seizing). It further outlines five reinvention actions that CEOs could take to build the future today and enable the nation to develop its growth narrative while navigating global crests and troughs.

We hope you find the report engaging and are able to derive actionable insights from it.

Sanjeev Krishan
Chairperson, PwC in India

Vivek Prasad
Markets Leader, PwC India

Opportunities amidst headwinds

The future is now – the reason why CEOs feel the need to weigh in on it. For India CEOs, in particular, there is much to look forward to – the country aims to become the world's third-largest economy and hit USD 1 trillion in merchandise exports by 2030,[2] achieve Viksit Bharat status by 2047, and reach net-zero emissions by 2070.[3] A Viksit Bharat would entail a prosperous and inclusive society with a high GDP, encompassing advancements in technology, education, healthcare, infrastructure and social equity.

With India on an upward trajectory, India CEOs' optimism about the country's growth prospects persists for the second consecutive year. This is notwithstanding the threats they perceive in terms of global headwinds, macroeconomic volatility, inflation, and low availability of workers with key skills. PwC's 28th Annual Global CEO Survey: India perspective reveals that 87% of India CEOs are upbeat about the country's economic growth, while 74% are confident about their respective companies' revenue growth.

Data substantiates this optimism. India remains the fastest-growing major global economy[4] and its GDP growth has averaged 8.3% over the last three years, demonstrating resilience despite global uncertainties. While economic growth had slowed to 5.4% in the July–September quarter of 2024,[5] forecasts for FY25 remain positive, with India's GDP expected to grow at 6.6%[6] while staying relatively insulated from global economic shocks.[7] In its latest India Outlook, S&P Global Ratings predicts that the Indian economy is set for resilient growth in 2025 – pegged at 6.7% and 6.8% for FY 2025–26 and FY 2026–27 respectively – on the back of strong consumption, steady services sector growth, and ongoing investment in infrastructure.[8]

2 https://economictimes.indiatimes.com/news/economy/indicators/india-poised-to-be-third-largest-global-economy-by-2030-rising-population-presents-challenges-says-sp/articleshow/114309920.cms?from=mdr

3 Ibid.

4 https://www.business-standard.com/economy/news/india-s-economic-growth-by-end-of-this-fiscal-will-be-back-on-track-goyal-124121200442_1.html

5 Ibid.

6 https://economictimes.indiatimes.com/news/economy/policy/rbi-policy-meeting-gdp-forecast-das-co-cut-indias-fy25-growth-aim-to-6-6-from-7-2/articleshow/116029234.cms?from=mdr

7 https://www.livemint.com/economy/indias-gdp-growth-estimated-to-decelerate-to-6-3-in-2025-says-goldman-sachs-sees-shallow-rbi-rate-cut-from-q1cy25-11732244322981.html

8 https://www.business-standard.com/economy/news/india-set-for-resilient-growth-in-2025-driven-by-urban-consumption-s-p-124121000776_1.html

According to the ratings agency, higher labour force participation, infrastructure and technology improvement, and stronger public and household balance sheets can support economic growth in India.

Businesses have undoubtedly benefited by putting the pedal to the industrial metal with government initiatives such as Make in India and Production-Linked Incentive (PLI) schemes that have created employment opportunities and given a fillip to the manufacturing industry. Electronics production in India has surged to INR 9.52 lakh crore, growing at an annual compounded rate of 17.4% from INR 1.9 lakh crore in 2014–15.[9] The Semiconductor Incentive Scheme 2.0 that aims to develop the entire semiconductor value chain, encouraging component companies, raw material suppliers, and chip packaging units to set up operations in India[10] is poised to position the country at the forefront of the global semiconductor industry.

Disruptive technology, particularly AI, is also set to empower India at scale. In 2024, AI made headlines by virtue of its expanding influence. It impacted businesses, struck a chord with consumers, and blurred lines between workspace and personal space. GenAI, India CEOs contend, has upped productivity by over 50% for both employees and CEOs and, more importantly, translated into increased revenue in the last 12 months.

Many India CEOs are aggressively integrating or are set to integrate AI and GenAI into their company's business products and processes over the next three years – not by choice but by compulsion. AI is, in fact, the engine of product and process reinvention, a consistent theme for India CEOs for the last five years.

9 https://www.thehindubusinessline.com/economy/pli-investment-in-mobiles-production-exceed-target-electronics-and-it-secretary/article68684546.ece

10 https://manufacturing.economictimes.indiatimes.com/news/hi-tech/semicon-2-0-soon-to-build-out-full-chip-ecosystem-vaishnaw/113276158

According to the survey:

43% of India CEOs (as against 38% globally) consider product or service innovation, to a large/very large extent, to be the most common reinvention action over the last five years

39% of India CEOs (as against 25% globally) have, to a large/very large extent, targeted new routes to market

38% of India CEOs (as against 32% globally) have targeted a new customer base

26% of India and global CEOs have also collaborated with other organisations

With consumer expectations changing rapidly and a shift towards greener products, the nature of manufacturing too is changing to factor in not only the reusability and recyclability of a product, but also the creation of digital replicas and simulations of supply chains in order to build more redundancies that can future-proof operations and ensure business continuity.

Sanjiv Puri
Chairman and Managing Director, ITC Limited

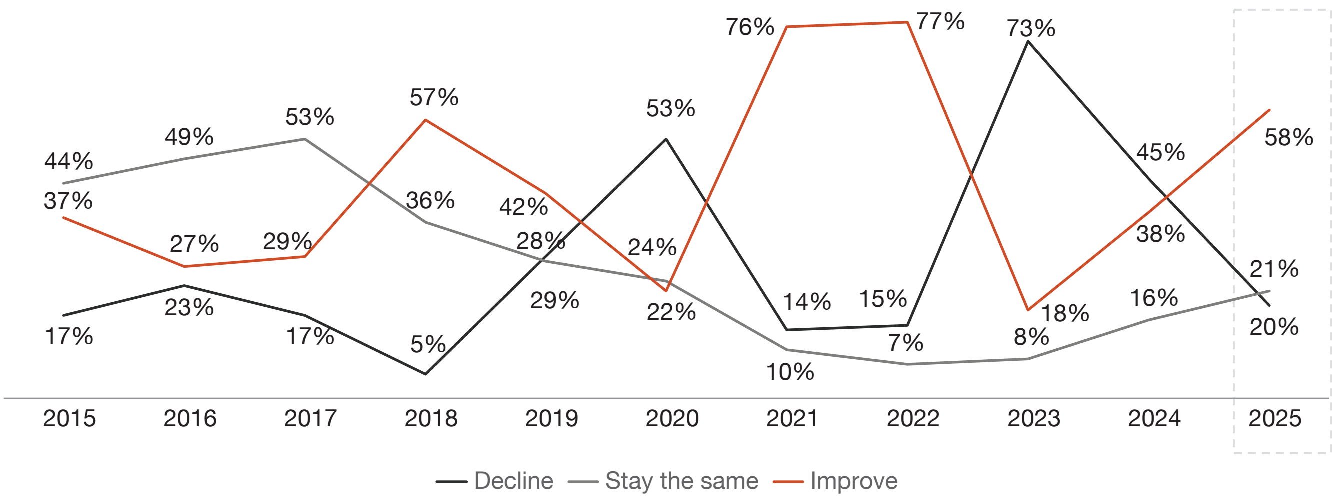
"We live in a very dynamic and uncertain world, given the challenges of climate change, geoeconomics and geopolitics, reglobalisation, among others. Organisations must be nimble and consumer-centric, and stay ahead of the curve by investing in the core levers of digital transformation, innovation, supply chain management, efficiency, resilience and sustainability."

Key India findings

- **High positive sentiment:** Nearly 87% of India CEOs are optimistic about domestic growth, compared to 57% globally. Globally too, optimism has risen, with 58% expecting increased growth in the next year, up from 38% last year and 18% two years ago.

> Optimism about global economic growth has continued to increase from a low point in 2023

Global CEOs' expectations for global economic growth in the next 12 months



- **Major concern over technological disruption:** Technological disruption remains top of mind for India CEOs, followed by macroeconomic volatility and inflation, and low availability of skilled labour. Disruptive technology was also listed by India CEOs who believe their companies will be viable for 10 years or less as one of the top two factors influencing their companies' low economic viability.

- **Great expectations but relatively low trust in AI:** Businesses across the world have witnessed efficiency gains and increased revenue with GenAI in the last 12 months. However, while 51% of India CEOs are positive about GenAI's impact on profitability, trust remains an issue, with only a third of global and India CEOs having high trust in AI's integration into business processes.

- **Upside from climate action:** One-third of India CEOs noted revenue increases from climate-friendly investments over the past five years. In addition, more than 60% said these investments had either reduced cost or had no significant cost impact.

- **India as a prime investment destination:** For the second year in a row, India continues to be among the top five investment destinations globally over the next 12 months for global CEOs looking to grow the revenue of their companies.

- **Navigating industry reconfiguration:** Four in ten CEOs in India and across the world said their companies have started to compete in at least one new sector/industry in the last five years. Of these, 50% of India CEOs (as against 58% globally) stated that 1–20% of their revenue came from entering a new sector or industry in the last five years.

- **Reinvention actions:** The most common reinvention actions taken by four in ten India CEOs over the last five years are developing innovative products and services and targeting new routes to markets – for example, selling directly to consumers rather than through intermediaries.

Sustained growth drives sustained confidence

While 86% of India CEOs had agreed last year that the Indian economy would improve over the next 12 months, there is a 1% increase this year, with 87% of India CEOs expressing optimism about their territory's growth compared to 57% globally.

Rishad Premji

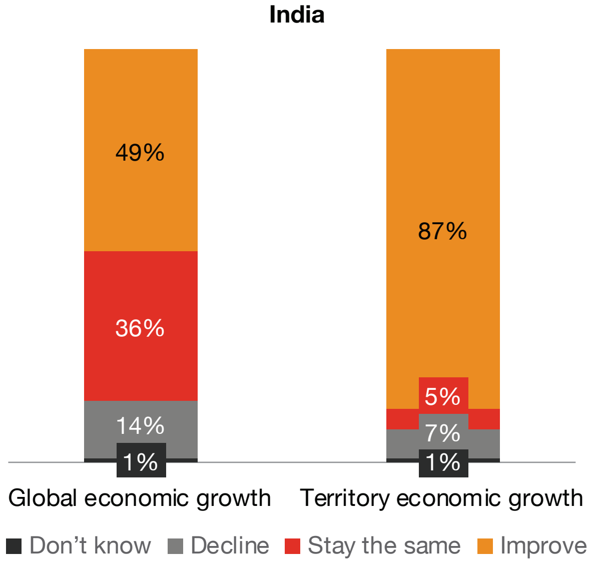
Executive Chairman, Wipro Limited

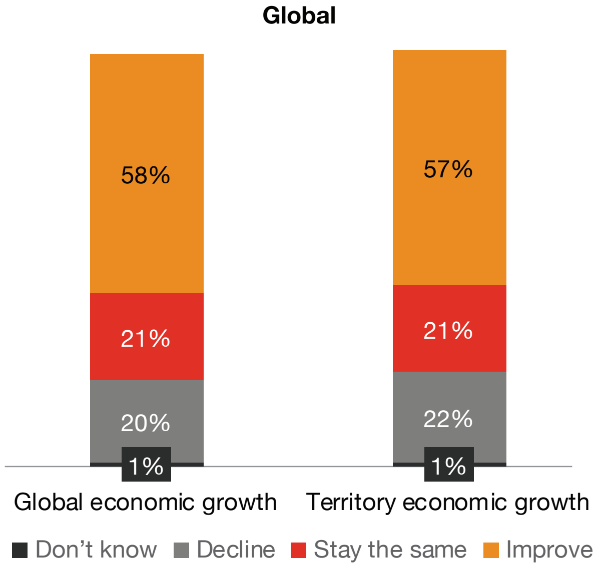
"I think India has two fundamental advantages that can be leveraged in the global scenario. First, it's probably the largest consumption economy. Second, it is and can continue to truly be the skill capital of the world."

The confidence, however, seems skewed towards India's prospects, as only 49% of India CEOs are buoyant about overall global economic growth as against 58% of global CEOs. Globally, however, CEOs' optimism has improved from last year, with 57% now expecting growth in their territories, up from 44% previously.

87% of India CEOs compared to 57% of global CEOs are optimistic about their territory's growth

Question: How do you believe economic growth (i.e. GDP) will change, if at all, over the next 12 months in the global economy/ your territory?

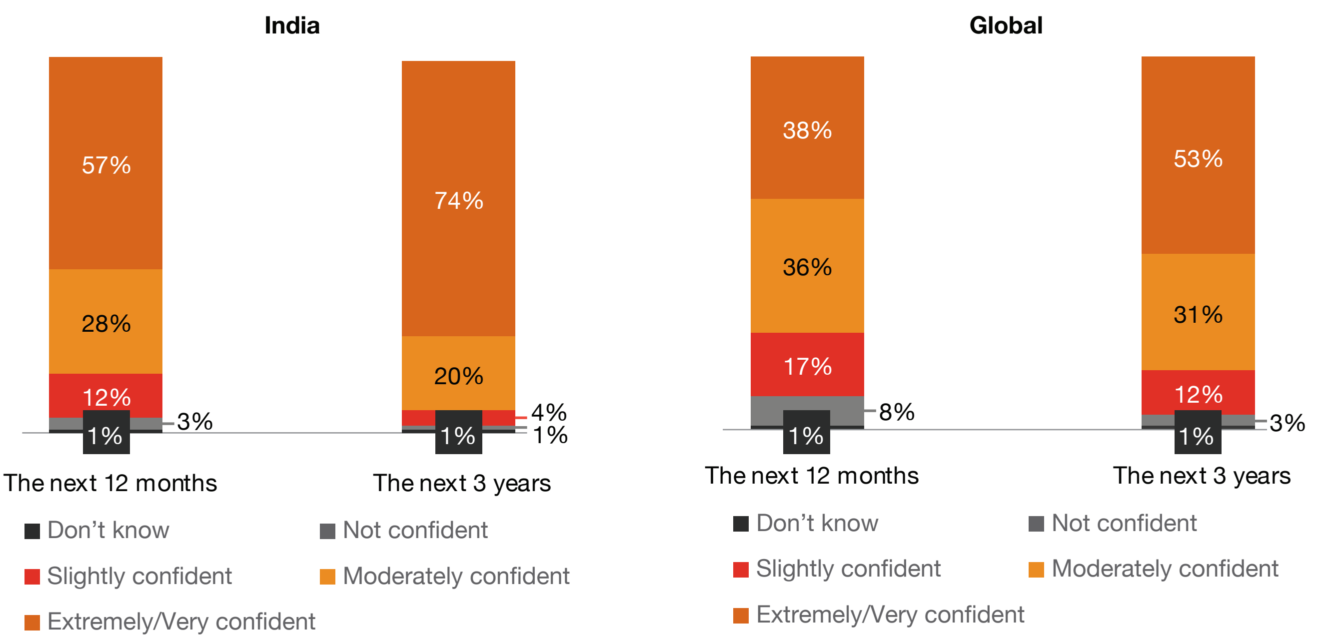




Businesses the world over have higher revenue expectations over the next year and three years on. And again, India CEOs evince greater optimism compared to their global counterparts about their companies' revenue growth prospects both in the short term (57% as against 38%) and in the long term (74% as against 53%).

India CEOs are more confident than global peers about their companies' prospects for revenue growth in the next year and three years on

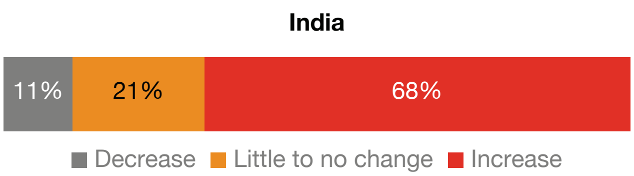
Question: How confident are you about your company's prospects for revenue growth over the next 12 months/3 years?

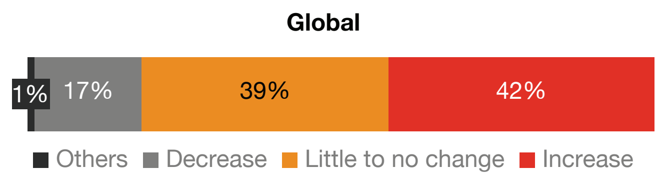


Expectations for higher revenue growth are in turn prompting companies to increase hiring, with 68% of India CEOs planning to hire more staff, compared to 57% last year. Globally, 42% of CEOs will increase headcount in the next 12 months, and this is perhaps more on account of rather than in spite of AI.

68% of India CEOs compared to 42% globally are more likely to increase headcount in the next year

Question: To what extent will your company increase or decrease headcount in the next 12 months?

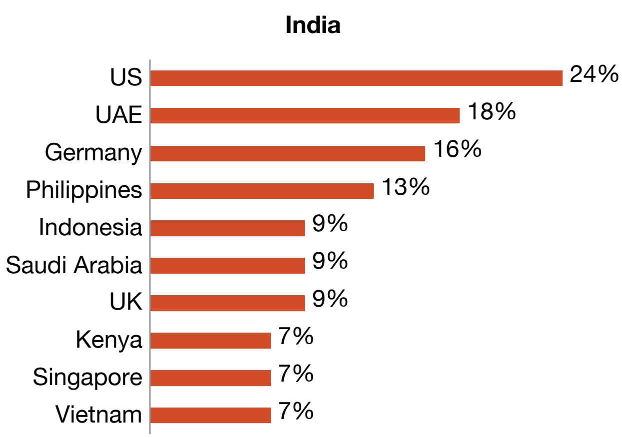


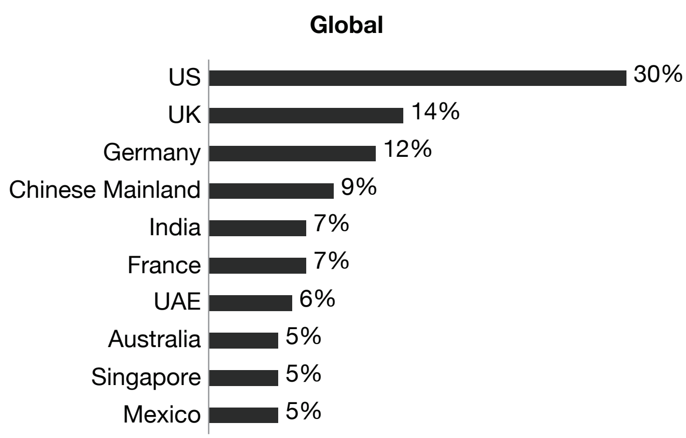


India's robust economic growth, improved ease of doing business (EoDB), infrastructural developments, and its young and skilled workforce continue to attract investors. Consequently, the country remains among the top five territories (along with the US, the UK, Germany and Chinese Mainland) for global CEOs' investment plans in the next 12 months.

India remains among the top five territories global CEOs would like to invest in. India CEOs would like to invest in the US, UAE and Germany

Question: Which three countries/territories, excluding the one in which you are based, will receive the greatest proportion of your company's planned capex in the next 12 months?





Note: Asked to those whose companies plan to spend a proportion of their capital expenditure on international operations in the next 12 months.

More India CEOs are concerned about the viability of their businesses this year

Technological advancements and evolving market demands, coupled with sustainability pressures, have brought home the need for businesses to reinvent. So, although a sense of optimism surrounds India's economic growth and the potential for companies' revenue growth, a sizeable section of CEOs have underlying doubts about the long-term viability of their businesses. A staggering 42% of global as well as India CEOs believe their companies would be economically viable only for 10 years or less on their current trajectory.

It is interesting to note that this year, more India CEOs are concerned about the economic viability of their businesses compared to the previous year. In 2023, nearly 60% of India CEOs were confident that their companies would be viable for more than 10 years on their current path. But in 2024, there has been a five percentage point dip, and a larger number of India CEOs now feel the need to recalibrate their decision-making processes and press the intelligent reinvention reset button to survive in the marketplace.

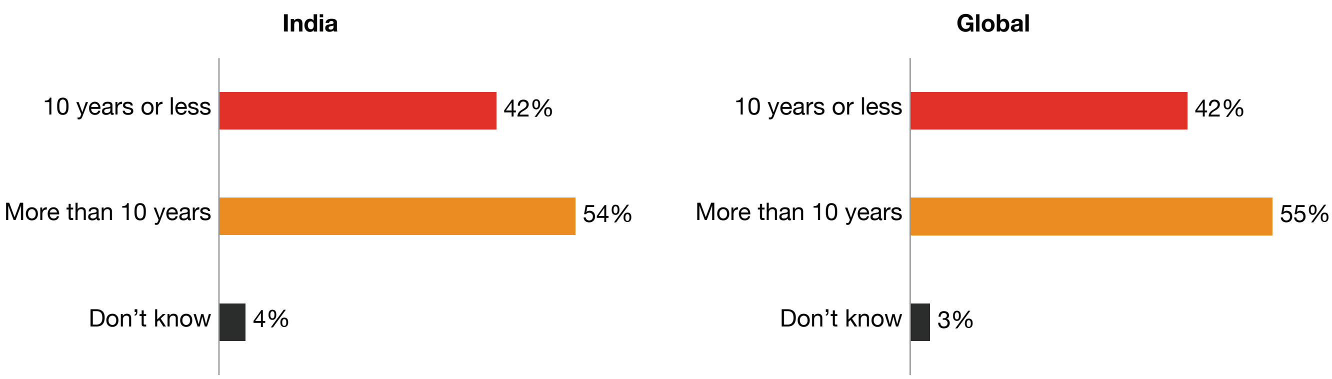
Sanjiv Puri

Chairman and Managing Director, ITC Limited

“Our philosophy of growth is premised on three axes. First – scale up the core. This is par for the course for everything in India because there is so much more headroom to grow given the levels of penetration and potential for increase in per capita incomes. The second axis is looking at the adjacencies the core can address, while the third is leveraging institutional strengths and factoring in the megatrends of digital transformation and sustainability, identifying the new growth levers that could be seeded for the future.”

54% of India CEOs (as against 59% in 2023) believe their companies would be viable for more than 10 years on their current path

Question: If your company continues running on its current path, for how long do you think your business will be economically viable?



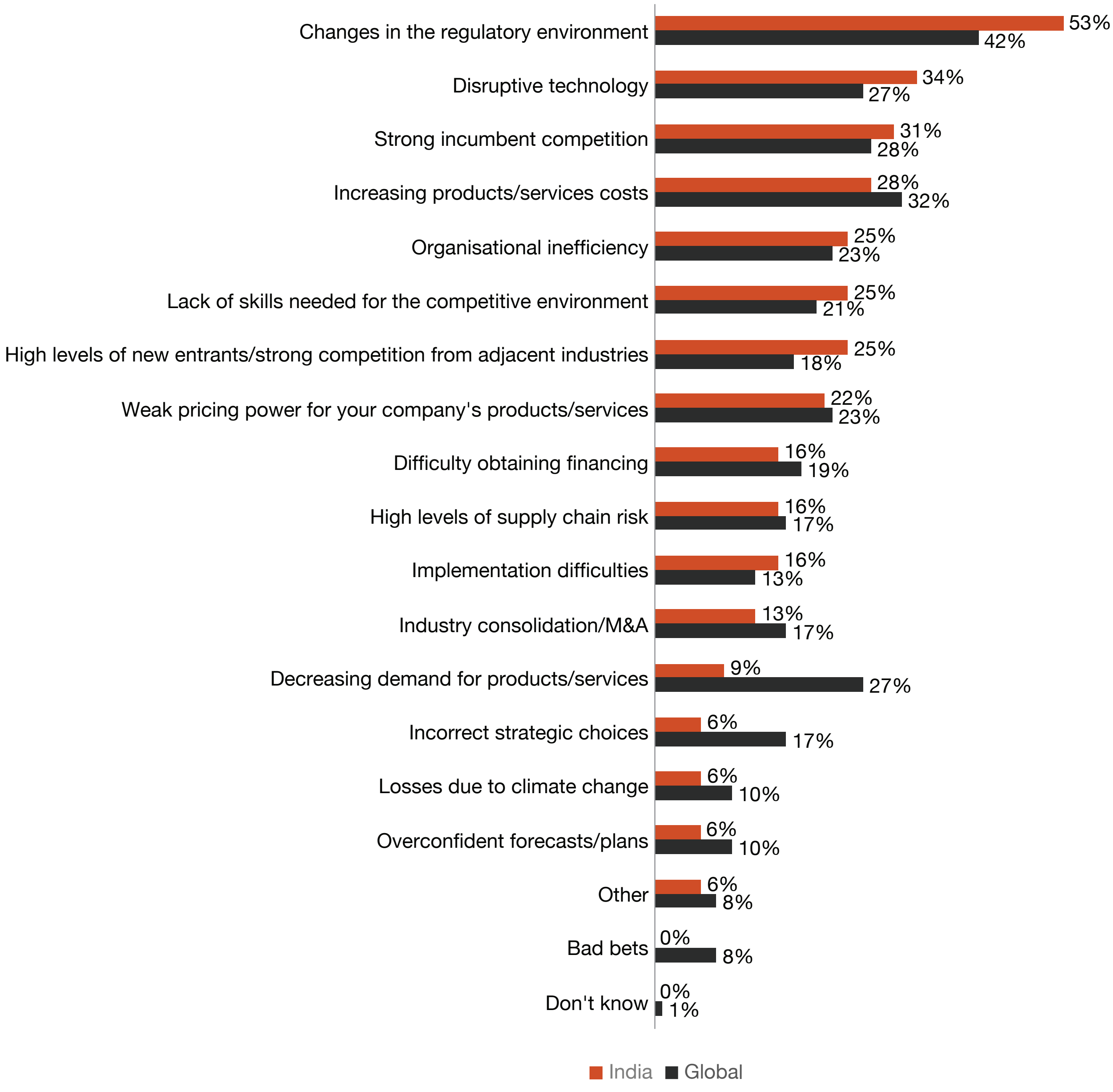
For both global and India CEOs who believed their companies would be viable only for 10 years or less, changes in the regulatory environment was the biggest factor influencing their companies' low economic viability. While 53% of India CEOs were most concerned about changes in the regulatory environment affecting company viability, the global percentage was lower at 42%.

Regulatory challenges that often arise from the need to balance innovation, consumer protection, privacy, and national interests can significantly impact the business viability of companies both in India and abroad. The Digital Personal Data Protection Act and the European Union's (EU) General Data Protection Regulation could pose a hindrance with their data privacy standards. Sectoral regulatory frameworks and anti-trust and competition laws, as well as the Carbon Border Adjustment Mechanism proposed by the EU to address carbon leakage, provide cause for concern.

In addition, 34% of India CEOs listed disruptive technology as the second factor most influencing their companies' low viability, followed by strong incumbent competition (31%). Global CEOs, however, expressed more concern about increasing costs of products and services (32%), followed by strong incumbent competition (28%) and disruptive technology (27%).

Changes in the regulatory environment and strong incumbent competition are listed by both global and India CEOs among the top three factors that will most influence the economic viability of their companies

Question: What factors do you believe will most influence your company's economic viability? Asked to those with viability of 10 years or less.

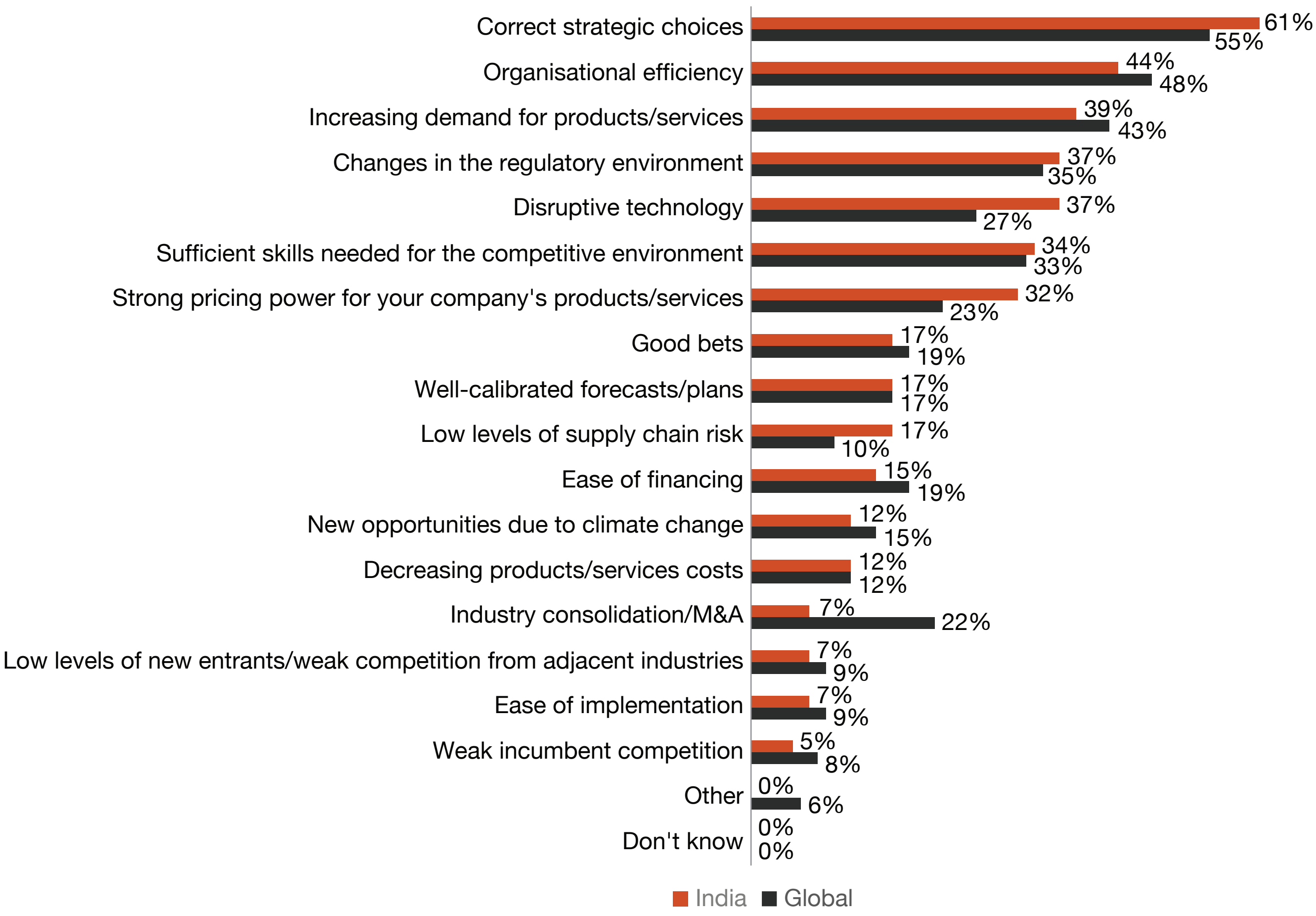


For global and India CEOs who stated that their companies would be viable for 10 years or more, the key factors most influencing the high economic viability of their organisations were correct strategic choices, organisational efficiency, and increasing demand for goods and services.

The correlation among the three factors is undeniable. Outcome-driven strategic choices can result in a higher profit margin, but these choices call for organisational efficiency and a spike in demand for goods and services, without which the strategic choices are limited. India CEOs (37%) also considered changes in the regulatory environment and disruptive technology as pivotal factors influencing a company's high viability.

For companies worldwide and in India with viability of more than 10 years, correct strategic choices and organisational efficiency are key

Question: What factors do you believe will most influence your company's economic viability? Asked to those with viability of more than 10 years.



This is understandable. Regulatory simplifications, among other factors, enabled India to improve its ranking on the World Bank's EoDB ranking to 63 in 2020 from 142 in 2014. Simplification of laws and a liberal foreign direct investment (FDI) and foreign trade regime facilitated business activities, while disruptive technology prompted businesses to leverage this opportunity to reconfigure some of their functions for sustenance and for building trust with stakeholders.

While a favourable regulatory environment can foster innovation, attract investment and infuse growth, companies that are able to leverage disruptive technology can gain a competitive edge by adjusting and adapting quickly to changing customer preferences.

But do these factors suffice to ensure high business viability? The next section attempts to answer that question.

Two defining forces prompting reinvention

While AI and climate change may have started laying the foundation for new value enablers and value pools, it is important to take a step back and develop a holistic view of how AI can play an integral role in driving climate action by enabling more efficient resource management, renewable energy forecasting, and optimisation of energy usage, and by improving the accuracy of climate models. Thereafter comes execution: a clear set of reinvention priorities determined by these forces, powered by strategic choices and informed decision making.

Rishad Premji
Executive Chairman, Wipro Limited

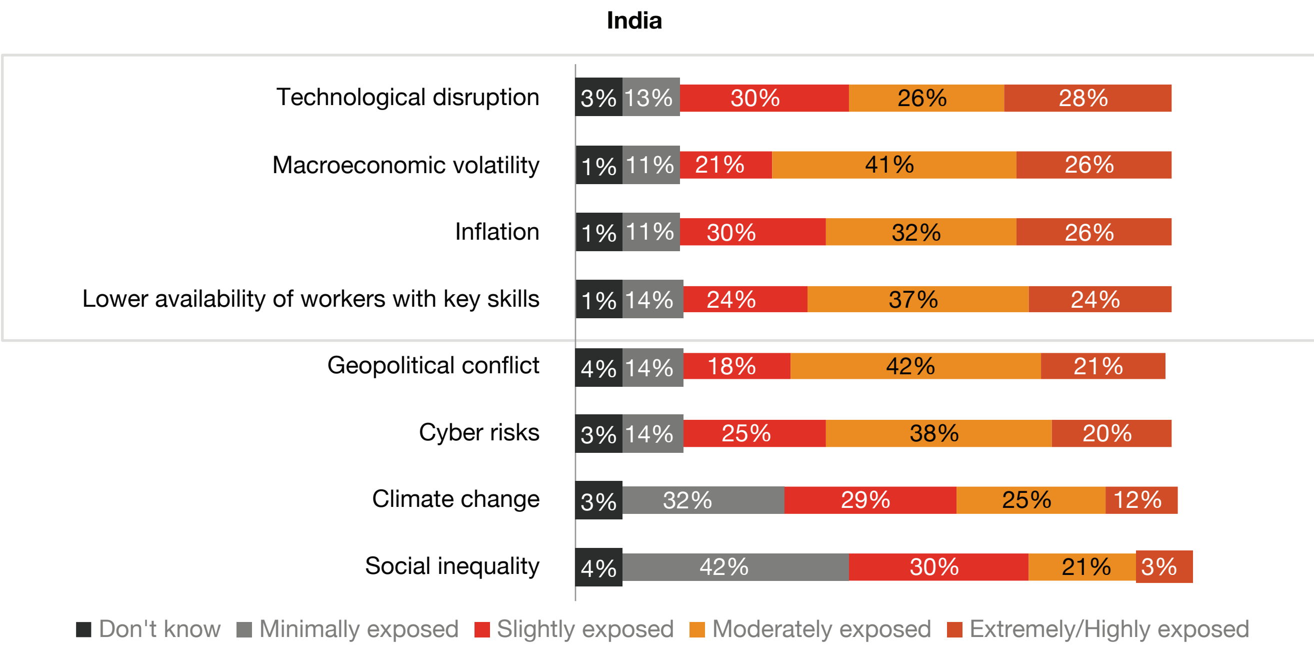
“The most dangerous thing to do is to have fixated views. It is important to challenge one’s thinking. Speed is also of essence and so is agility. Organisations that have this deep sense of agility and foster a learning mindset will continue to remain viable.”

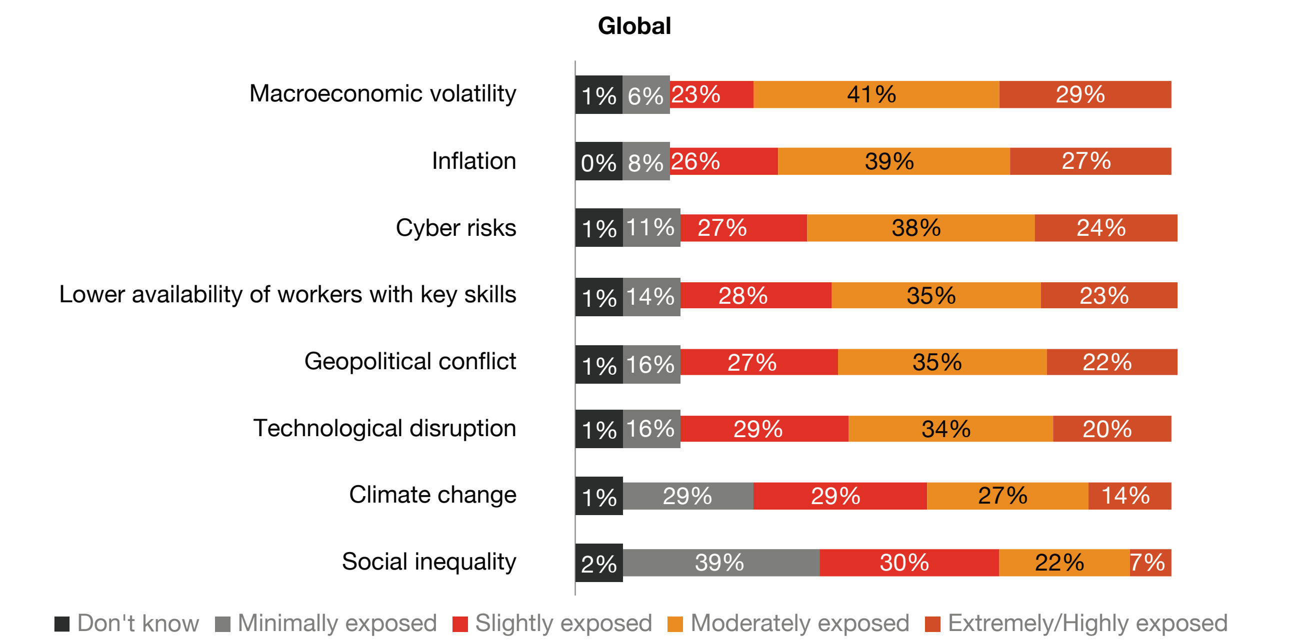
a. Sensing-seizing opportunity loop: AI

Unlike inflation, which is a recurrent challenge that businesses have historically and persistently navigated through pricing strategies and cost and resource management, technological disruption is largely unpredictable and could render business models obsolete. As against 20% of global CEOs, 28% of India CEOs list technological disruption as a key threat their companies are extremely/highly exposed to in the next 12 months. There is reason for this concern. In customer service, AI-driven chatbots and virtual assistants have begun to replace human representatives in support roles for handling routine inquiries and resolving simple issues in sectors such as banking, telecom and retail.

28% of India CEOs list technological disruption as a key threat they are highly exposed to in the next 12 months. This is followed by macroeconomic volatility and inflation

Question: How exposed do you believe your company will be to the following key threats in the next 12 months?





Note: Exposure is defined as the probability of significant financial loss.

So, while technological disruption could translate either into a challenge or an opportunity depending on how it is capitalised, it will have far-reaching implications for organisations, governments and the workforce. Businesses that are unable to digitally transform and speed up their execution may fail, while those that leverage the full power of technology are likely to maintain competitive differentiation and create value for society at large.[11]

Rishad Premji
Executive Chairman, Wipro Limited

"I believe that any technological disruption creates value in the business model, because that centres around how one provides solutions to customers leveraging skills on scale. This creates opportunities but it also has some inherent challenges. Organisations that are able to pivot their businesses and recognise the new opportunities will win in the marketplace."

AI, most CEOs agree, can empower organisations at scale and accelerate transformation. And in view of the India government's announcement to launch the IndiaAI Mission and its investment in building a robust AI ecosystem, it is time for businesses to seize the moment to harness the potential of this technology.

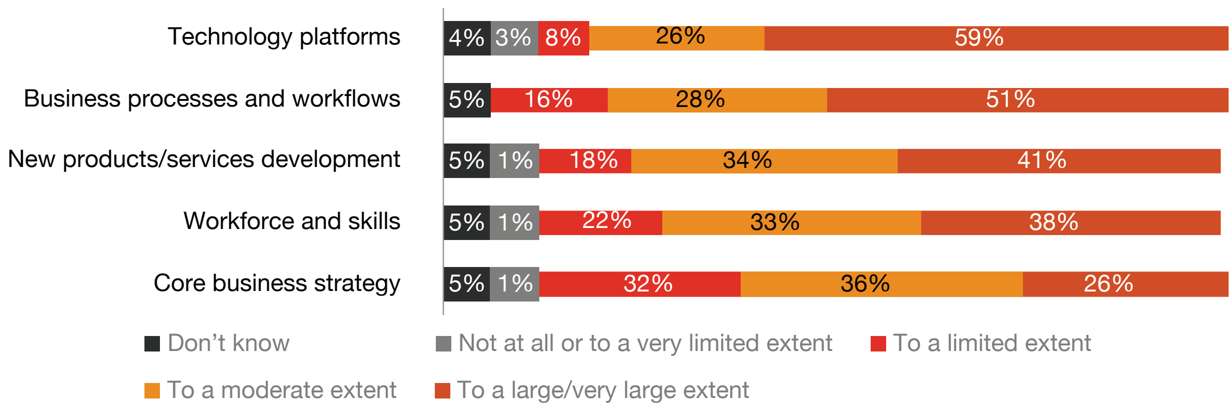
11 PwC, Megatrends: Five global shifts reshaping the world we live in

Those that are early adopters are already transitioning to a different spectrum of productivity. Combining the power of intelligence and insights, AI can ensure that every employee gets an opportunity to achieve more. That explains why more India CEOs – 59% and 51% as against 47% and 41% of global CEOs – predict, to a large/very large extent, AI's systematic integration into technology platforms and business processes and workflows in the next three years.

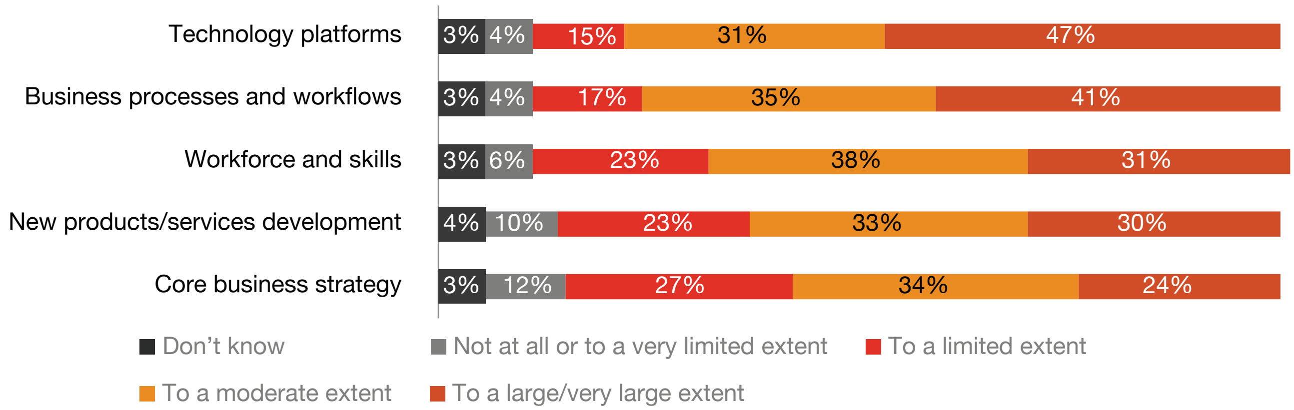
> More than half of India CEOs – as against 47% and 41% global CEOs respectively – report plans to integrate AI into technology platforms and business processes and workflows

Question: To what extent, if at all, do you predict AI (including GenAI) will be systematically integrated into the following areas in your company in the next three years?

India



Global

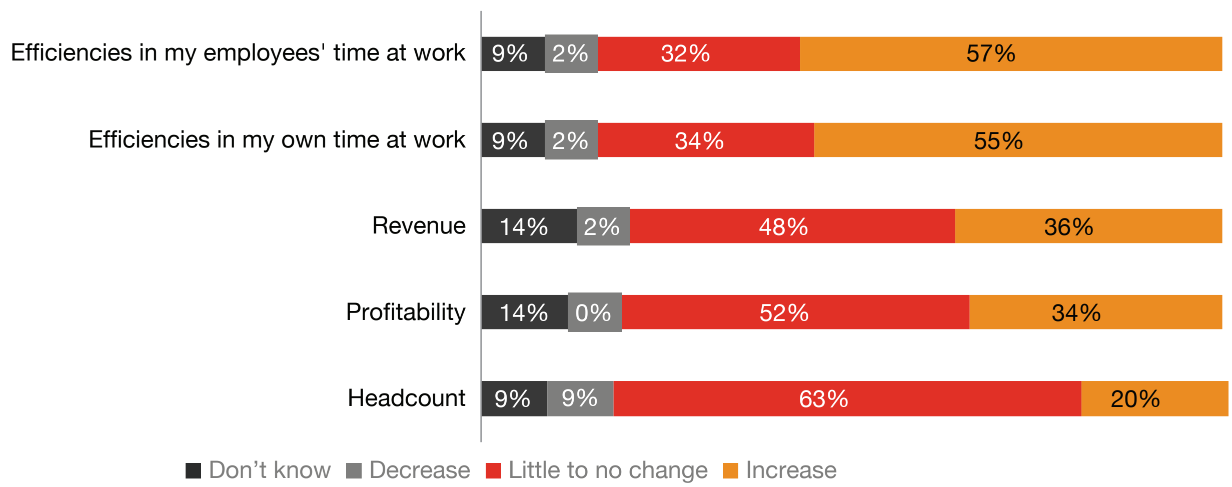


GenAI, on its part, is perhaps the first technology that is consumer-led rather than business-led – and whose power lies in its ability to democratise access to sophisticated tools and skills.

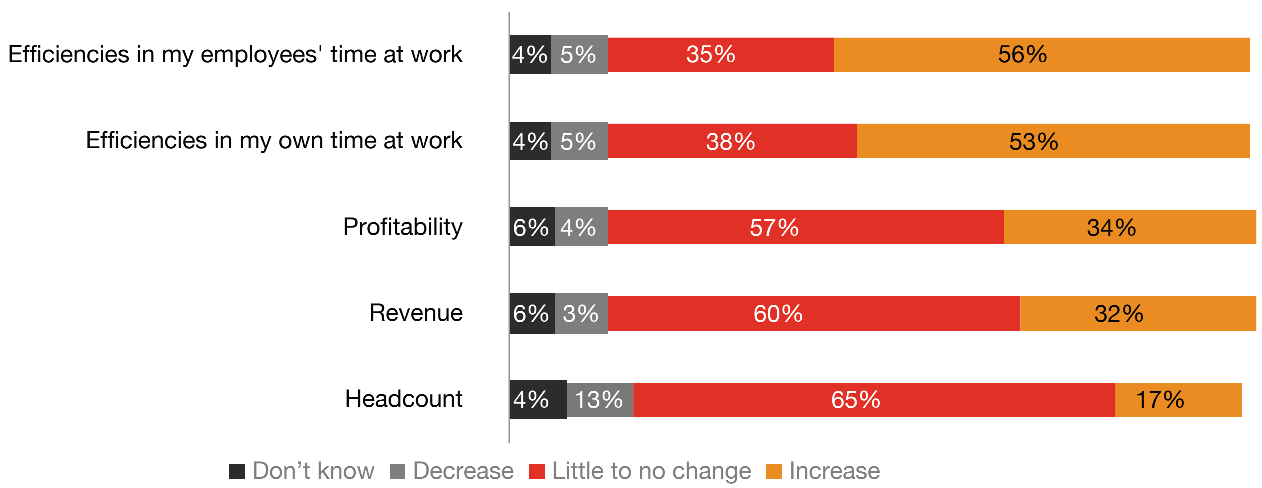
GenAI increased profitability for 34% of India and global CEOs, and it increased revenue for 36% of India CEOs as against 32% of global CEOs in the last 12 months

Question: To what extent did GenAI increase or decrease the following in your company in the last 12 months?

India



Global



Note: Asked to participants who adopted GenAI to any significant degree in the last 12 months.

Companies worldwide are adopting GenAI at scale and seeing promising results, as PwC's survey indicates:

- More than half of the CEOs in India as well as globally said that GenAI increased efficiencies in how employees and they themselves manage their time over the last one year. Importantly, around one-third of India CEOs report increased revenue and profitability arising from this technology.
- One year on, expectations about GenAI's impact on profitability are slightly higher than a year ago: 51% of India CEOs and 49% of global CEOs emphasise that GenAI will increase company profitability over the next 12 months.
- In terms of the impact on jobs, although over one in ten India CEOs said they reduced their headcount over the last 12 months because of GenAI, one in five reported an increased headcount.

Sanjiv Puri

Chairman and Managing Director, ITC Limited

"As part of ITC's digital-first culture, we have explored AI, including GenAI, across our value chain. It is today being leveraged in many applications across businesses. However, given the wide spectrum of evolving advancements in the area, I think we are still scratching the surface. AI has tremendous potential but given the worldwide challenges of livelihood creation, we will need to watch its potential impact on jobs and also dial up on the need for skilling and upskilling to create new opportunities."

The findings are consistent with earlier PwC research. In PwC's Global Investor Survey 2024, two-thirds of investors and analysts said that they expected the companies in which they invested to achieve productivity gains from GenAI in the year ahead.[12] Another recent survey by PwC India found that 40% of companies across the technology, media and telecommunications (TMT) sector are already seeing the impact of their implemented GenAI use cases and are on track to achieve the desired return on investment. In fact, 21% of them expect GenAI use cases to yield the desired return on investment (ROI) in just a year.[13]

12 PwC, PwC's Global Investor Survey 2024

13 PwC, GenAI in TMT: From concept to reality

Banking on GenAI's transformative potential, PwC India too has announced a collaboration with Meta to expand and scale its open-source AI solutions to enterprises and citizen services on Meta's Llama models. It also plans to develop innovative solutions powered by GenAI, further accelerating the country's digital transformation journey.

b. Sensing-seizing opportunity loop: Climate change

India has been playing a key leadership role in the global fight against climate change with its push for green hydrogen and Mission LiFE of Lifestyle for Environment, demonstrating a firm commitment to a growth trajectory that balances economic advancement with ecological responsibility. India's role in launching the International Solar Alliance that has 120 signatory countries, the Coalition for Disaster Resilient Infrastructure, and a global grid for renewables underlines this commitment. In fact, the International Solar Alliance was conceived as a joint effort by India and France to mobilise efforts against climate change through the deployment of solar energy solutions. Also, India's National Hydrogen Mission aims to make the country a hub for the production and export of green hydrogen. The International Energy Agency believes[14] India could become a global leader in renewable batteries and green hydrogen, fetching the country potential revenues of USD 80 billion.

In 2019, few India CEOs were concerned about using data on the impact of climate change on business to make decisions around long-term success and durability of their businesses, nor did they consider climate change as a threat to their organisation's growth prospects. Five years on, the needle has moved considerably as organisations in India are now making investments to address climate change.

Many companies, however, are yet to convert climate-friendly investments – which include transitioning to energy-efficient operations, developing greener products and services, and implementing emission-reducing technologies – into additional revenues. Be that as it may, sustainability is being increasingly built into the fabric of businesses across geographies, not only as a stakeholder management issue, but also as a vector of investment.

14 PwC, India Rising: Five springboards to developed nation status by 2047

Sanjiv Puri

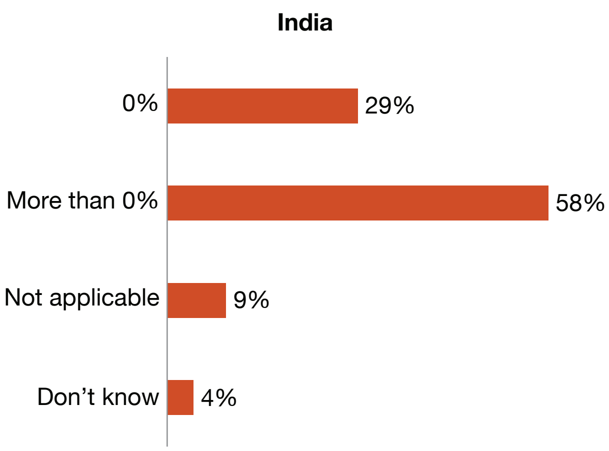
Chairman and Managing Director, ITC Limited

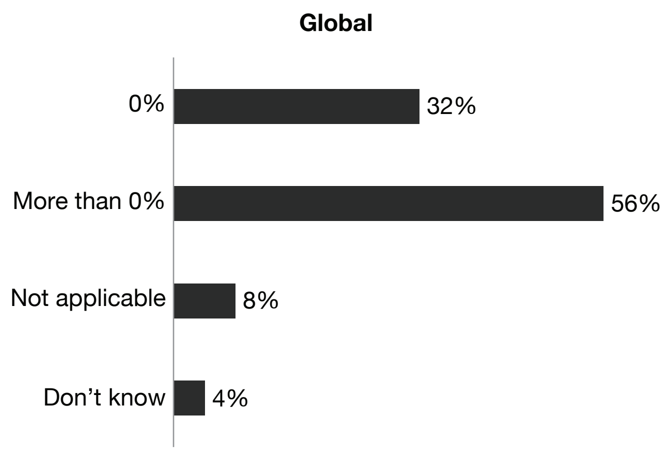
"The sheer pace and quantum of challenges posed by sustainability globally implies that this is an area where one can never say that one is doing enough. India has made appreciable progress in several areas and has defined clear priorities, including investing in inclusive growth and in energy transition. This transition is not only about capex alone but also about redefining value chains and ensuring just transition given the social dimensions. India therefore seeks to balance such priorities in its commitment to sustainable and inclusive growth."

More than half of global CEOs (56%) said their personal incentive compensation was linked to sustainability metrics. In India, the percentage of CEOs who said that a certain proportion of their personal incentive was determined by sustainability metrics was slightly higher at 58%. The higher the percentage of CEO compensation at stake, the higher is the revenue likely to be generated from climate-friendly investments.

More than half of India and global CEOs said that a certain proportion of their current personal incentive compensation is determined by sustainability metrics

Question: What proportion of your current personal incentive compensation (including both annual bonus and long-term incentives) is determined by sustainability metrics?



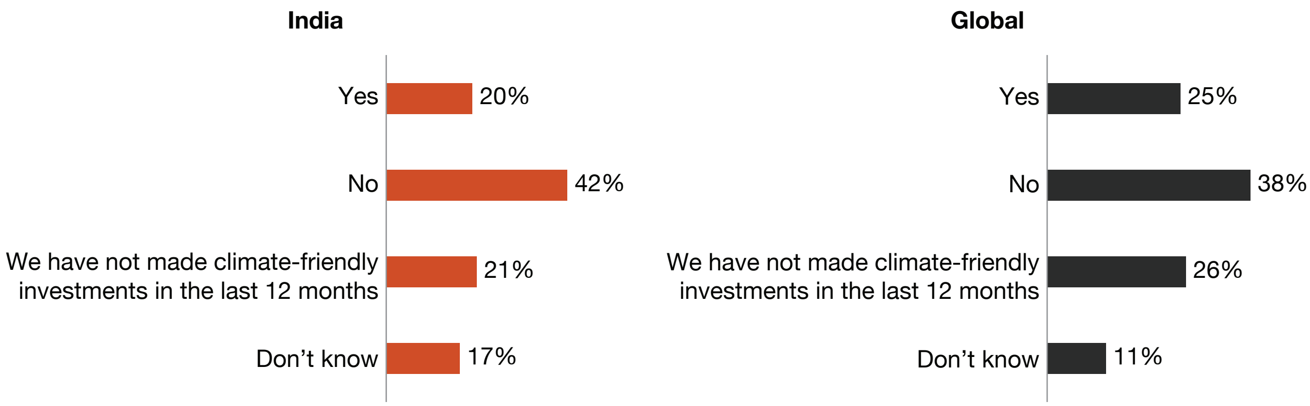


Indian companies are actively bridging the gap between intent and action when it comes to sustainability, combining profit with purpose. This is corroborated by another 2024 PwC India report, Decoding the Fifth Industrial Revolution, in which 93% of senior executives across six industries in India said they would like to be known for their sustainability initiatives, and yet achieve 2x to 3x profitable growth over the next three to five years.[15] More than half of the executives in this PwC India study had emphasised that they were prioritising investments this year towards building mechanisms to facilitate adoption of renewable energy sources, implement energy-efficient practices, reduce waste generation, and manage water usage responsibly through digital and other technologies.[16]

The commitment to climate-friendly investments holds firm for a few companies even when it means accepting lower rates of return, as is evident in PwC's 28th Global Annual CEO Survey: India perspective. A fifth of India CEOs, as against a fourth of global CEOs, pointed out that their company had accepted rates of return for climate-friendly investments that were lower than its minimum acceptable rate of return for other investments.

In the last 12 months, a fifth of India CEOs as against a fourth of global CEOs said their companies had accepted lower rates of return for climate-friendly investments

Question: In the last 12 months, has your company accepted rates of return for climate-friendly investments that were lower than the minimum acceptable rate of return your company uses for other investments?



Note: Climate-friendly investments include transitioning to energy-efficient operations, developing greener products and services, and implementing emission-reducing technologies. Combining yes and no percentages implies the total % of companies that have made climate-friendly investments, i.e. those that did not select 'We have not made climate-friendly investments in the last 12 months'.

15 PwC, Decoding the Fifth Industrial Revolution

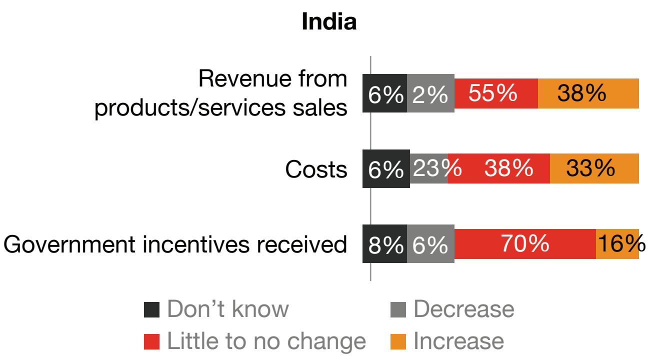
16 Ibid.

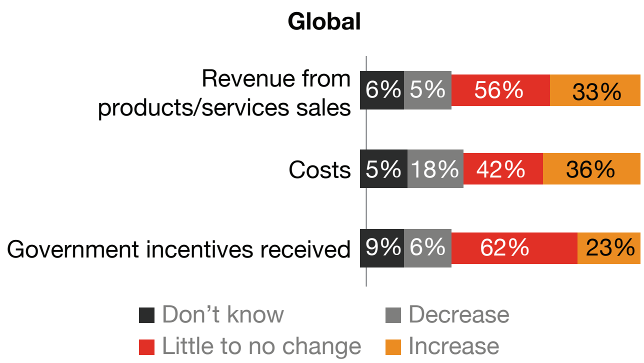
When global CEOs took stock of the financial impact of climate-friendly investments over the last five years, these moves were revealed to be six times more likely to have resulted in increased revenue than decreased revenue. In addition, two-thirds of global CEOs reported that climate-friendly investments had either reduced costs or had no significant impact.

In India, on the other hand, 38% of CEOs underlined that climate-friendly investments initiated by their companies in the last five years had increased revenue, while 33% of them said that such investments had increased costs. Notably, 23% of CEOs in India reported cost reduction due to climate-friendly investments.

38% of India CEOs said that climate-friendly investments initiated by their companies in the last five years had increased revenue from products/services sales. 33% underlined that such investments had increased costs

Question: To what extent have climate-friendly investments initiated by your company in the last five years caused increases or decreases in the following?





Intelligent reinvention for tomorrow

Shifting consumer preferences and the interconnected forces of AI and climate change, as noted, are radically transforming how companies create, deliver, and capture value. A 2024 PwC India study revealed that nearly 50% of senior executives, on an average, across industries in India are prioritising investments into building capabilities towards driving rapid value reinvention.[17] They are integrating advanced technologies and human expertise to rapidly reconfigure and incorporate changes in product design as per customer requirements.

So, while manufacturing has been at the forefront of reinvention, largely fuelled by shifting customer preferences, other industries are beginning to follow suit, and with good reason. The findings of our CEO survey establish a clear link between reinvention and profitability. CEOs who have taken more reinvention actions in the last five years have reported higher profit margins in the last 12 months.

This year, India CEOs reported having taken at least one major action to reinvent their business model, with the top three actions being:

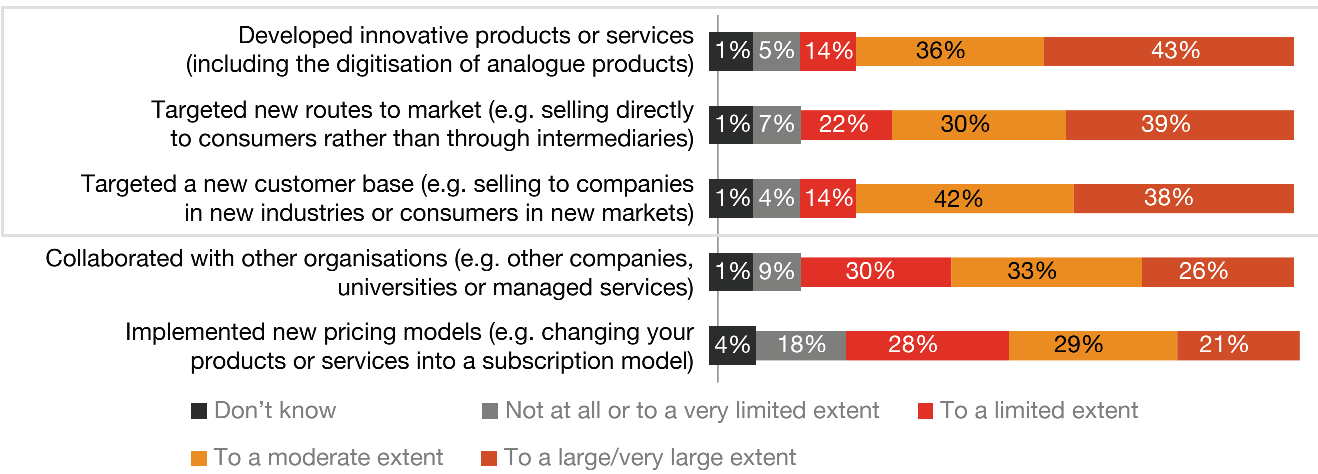
- developing innovative products/services (43%), including the digitisation of analogue products
- targeting new routes to markets (39%)
- targeting a new customer base (38%) – for instance, selling to companies in new industries or consumers in new markets.

17 PwC, Decoding the Fifth Industrial Revolution

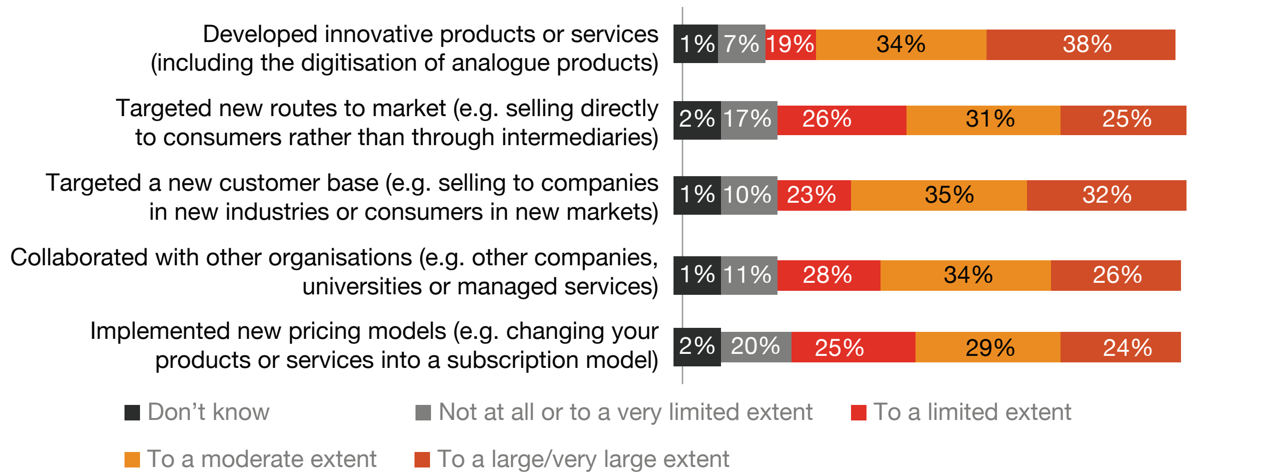
For more than 40% of India CEOs, product and service innovation is the most common reinvention action in the last five years

Question: To what extent has your company taken the following actions in the last five years?

India



Global



Reinvention entails a sensing-seizing opportunity loop, and that demands focus and a determined effort. Leading indicators that can often foretell that the industry is ripe for reinvention include:

- new market entrants
- increase in venture capital investment
- redistribution of market share among incumbents.

This in turn necessitates resource reallocation from lower priority projects to build an at-scale new business rapidly. As business model reinvention clearly changes how a company operates, delivers value, and interacts with customers, it necessitates new skills and ways of working.

But companies often lack agility when it comes to moving financial investments and people between business units and projects – although reinvention and dynamic resource reallocation go hand in hand, with a strong link between higher levels of financial and human resource reallocation and the revenue generated from distinct new businesses.

In our earlier CEO survey, lack of skills in the company's workforce was among the top three barriers to reinvention reported by India CEOs.[18] The concerns persist in the 28th Annual Global Survey: India perspective, with 61% of India CEOs underlining lower availability of workers with key skills as a significant threat their companies were moderately and extremely exposed to.

Therefore, any discussion of reinvention is incomplete without considering the critical need for workforce transformation. In fact, this is an area where disruptive technologies could be leveraged to upskill the workforce. Forward-thinking organisations are already using GenAI, augmented reality (AR), and virtual reality (VR) to provide interesting and customised skilling mechanisms to the workforce.[19]

18 PwC, 27th Annual Global CEO Survey: India perspective

19 PwC, Three imperatives to drive human-centricity in the manufacturing landscape

Irrespective of which leg of the reinvention journey each company is in, the following are some other actions that can trigger business opportunities for growth and differentiation, factoring in the two forces of AI and climate change:

1. Solve the AI trust equation
2. Adopt a systematic approach to GenAI
3. Search for sustainable value
4. Strengthen the decision-making process
5. Draw synergies across industries

1. Solve the AI trust equation

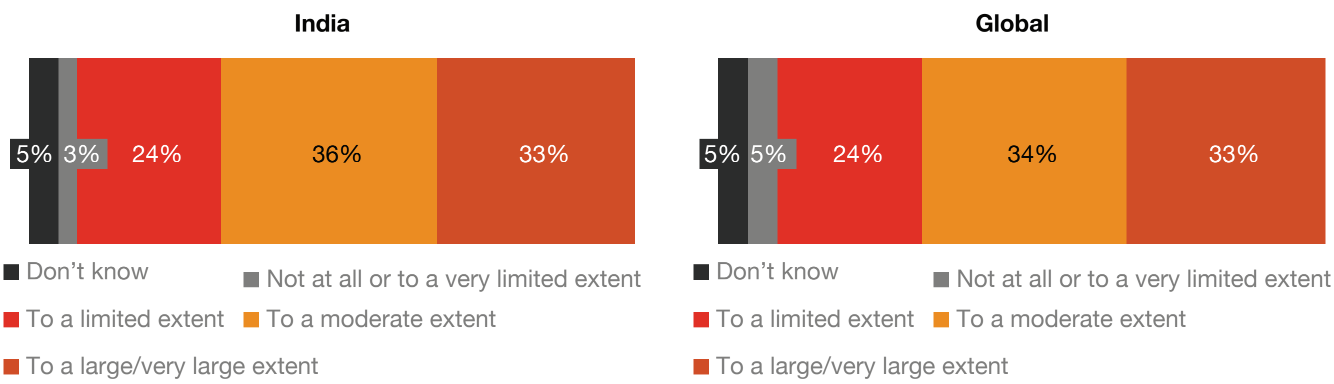
While GenAI adoption is increasing across sectors and organisations, only 33% of CEOs, both globally and in India, personally trust having AI (including GenAI) embedded into key processes in their company – to a large/very large extent. But to leverage the full potential of this technology, trust is key.

Rishad Premji
Executive Chairman, Wipro Limited

> "With AI, the responsibility mindset will be very important – ensuring privacy, bias elimination and confidentiality. The challenge to growth will not be the technology itself, but setting up the right guardrails, government regulations and the speed with which these can be done, alongside change management."

Only a third of CEOs in India and around the world have a high degree of trust in the integration of AI into key business processes

Question: To what extent do you personally trust having AI (including GenAI) embedded into key processes in your company?



It is perhaps imperative to build trust into the design of the technology itself. Factoring in ethical considerations is as important as using accurate data to generate accurate output devoid of hallucinations. Clear communication across the board and placement of robust data governance guardrails to ensure responsible use of AI are also essential. With outcome-based trust at the forefront along with an understanding of the percentage of accuracy needed for developing an AI solution, the trust equation can be solved to a considerable extent.

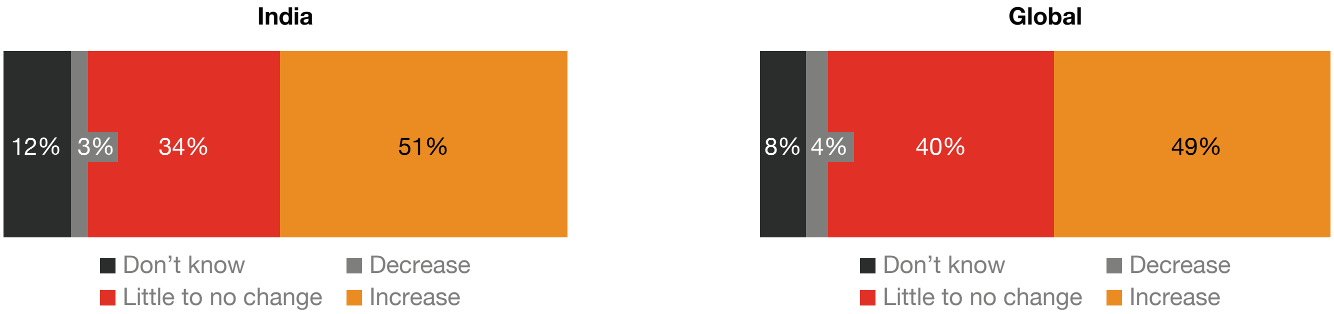
2. Adopt a systematic approach to GenAI

Business leaders need to adopt a systematic approach while deciding where to implement GenAI. While 59% of India CEOs predicted that AI, including GenAI, will be systematically integrated into technology platforms in their company to a large/very large extent in the next three years, 51% said it would be integrated with business processes and workflows. Further, 41% are likely to focus on GenAI integration with new products/services development.

Along with seamless integration of AI, including GenAI, into workflows and technology platforms, it is important to have the workforce develop relevant skill sets, given that a sizeable percentage of CEOs listed lower availability of skilled labour among the top threats their business is exposed to in the coming year. Moreover, with high expectations about GenAI's positive impact on profitability in the year ahead, there is more reason to provide secure access to GenAI and similar such technologies to enhance workforce productivity.

Nearly half of the CEOs worldwide acknowledge that GenAI will increase company profitability over the next year

Question: To what extent will GenAI increase or decrease the profitability of your company in the next 12 months?



Rishad Premji

Executive Chairman, Wipro Limited

" I think GenAI is the most profound technological change; we are seeing more and more use cases moving from pilot to production, with the scale of production slowly picking up in large organisations. As a company, we think about GenAI adoption in three big buckets. First: how can we disrupt the way we deliver to our customers? Second: how, as a large company, can we leverage AI and GenAI to serve ourselves? Third: how can we leverage AI purposefully to craft domain-centric, vertical-specific, context-specific, industry-specific and customer-specific solutions? "

Companies that do not prioritise integrating GenAI with workforce will not only lose out on increased productivity, but also be unable to meet workforce aspirations towards leveraging emerging technologies. In PwC's Global Workforce Hopes and Fears Survey 2024, almost half of the employees had said that getting opportunities to learn new skills is a key consideration when it comes to their decision to stay with their employer or quit for another job.[20]

3. Search for sustainable value

To create meaningful value from sustainability and integrate sustainability into their core strategy, CEOs need to continuously challenge themselves and their teams to innovate and develop climate-friendly products and technologies.

Climate-smart agriculture (CSA) is already playing a pivotal role in fortifying adaptive strategies to cope with climate change. Soilless farming, bioengineering to make plants more resistant to disease or temperature, and precision farming are techniques being used to help farmers optimise resources. Precision technologies, including AI and machine learning (ML), allow farmers to manage different zones of an agricultural field separately based on each site's unique needs, instead of applying the same crop treatment to the entire field.

But such interventions require investments and CEOs contend that the common barriers to initiate climate-friendly investments are – to a moderate, large and very large extent – regulatory complexity (46%) and lack of demand from external stakeholders (40%). On the flip side, a majority of CEOs reported that lower returns from climate-friendly investments, lack of available finance, or buy-in from management or the board are not among the factors inhibiting climate action.

This implies that CEOs could drive meaningful sustainability initiatives without any organisational hindrance and need to challenge themselves and their teams to bring climate-friendly products, services and technologies to market. Some CEOs have already started doing that.

20 PwC, Global Workforce Hopes and Fears Survey 2024

Sanjiv Puri
Chairman and Managing Director, ITC Limited

> "There are new vectors of growth emerging from innovations that we are pursuing at the intersection of digital, sustainability and our enterprise strengths. ITCMAARS, a 'phygital' ecosystem to empower farmers is one such example which will be scaled up to reach 10 million farmers. Sustainable packaging is another new vector of growth that contributes to the need for an effective circular economy. For example, we have crafted solutions to replace poly-coated paper cups, used quite extensively, with biodegradable cups using a proprietary formulation."

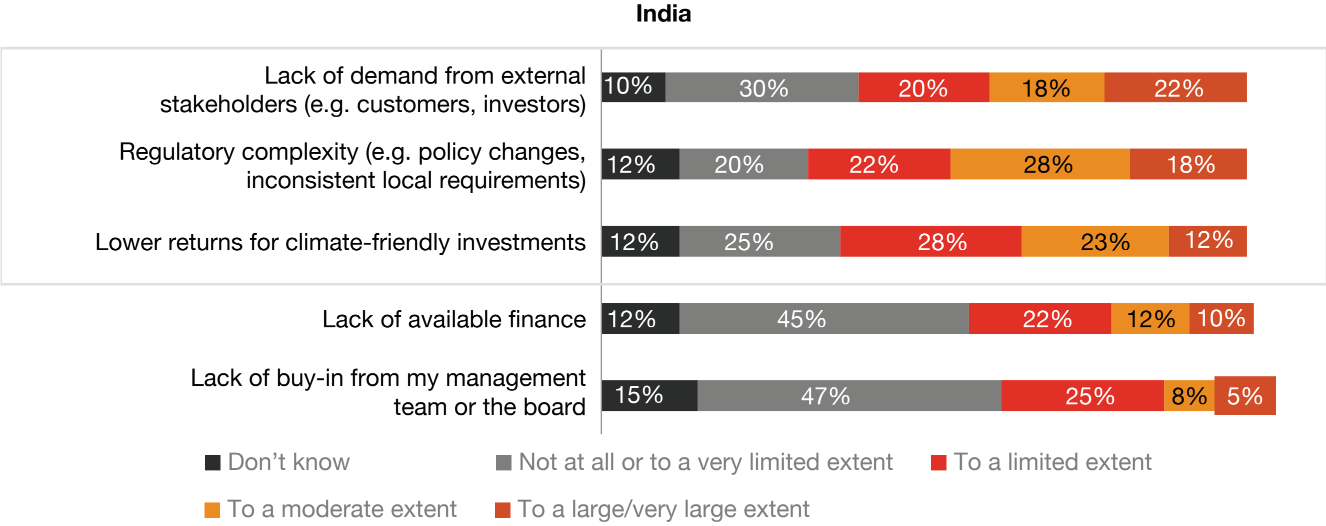
In a 2024 PwC survey, a sizeable number of executives across industries in India said that their companies lack standardised reporting systems and tools to collate environmental, social and governance (ESG) data across functions.[21] Now is the time for them to seed a top-down data reporting and measurement culture in the context of ESG.

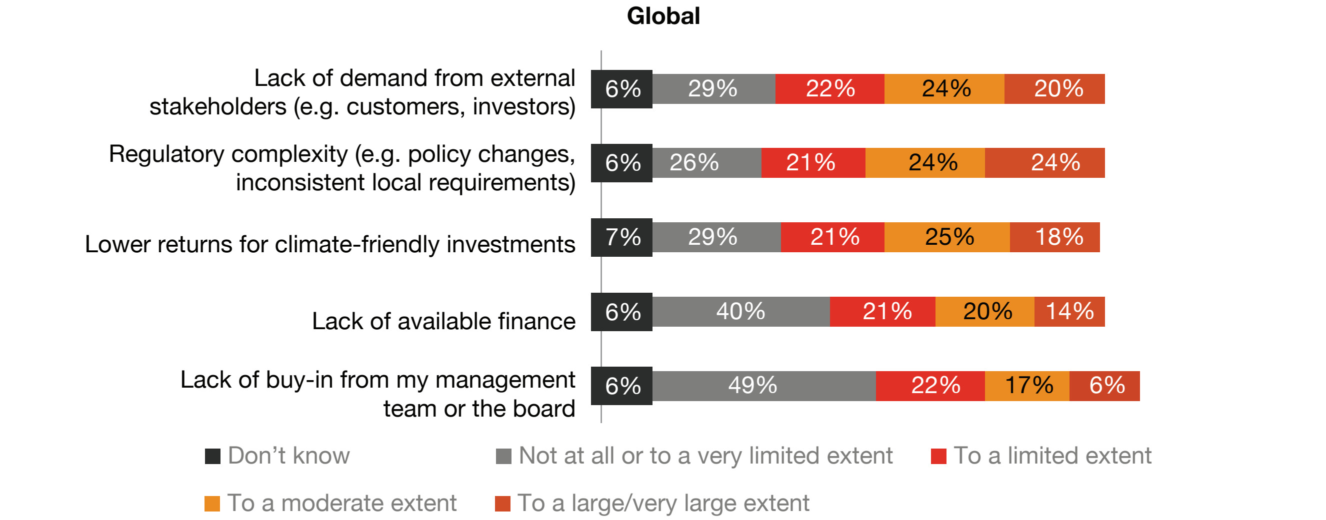
Without proper data, executives struggle to navigate the evolving regulatory landscape or hold meaningful dialogue with stakeholders on embedding ESG considerations into the core business strategy. CEOs can therefore foster a culture of data reporting by appointing data champions in their respective functions and units, incorporating data management as a key performance indicator, and allocating budgets for ESG data gathering across departments.[22]

21 PwC, Decoding the Fifth Industrial Revolution
22 Ibid.

Regulatory complexity and lack of demand from external stakeholders have been barriers to climate action in the last 12 months

Question: To what extent, if at all, have the following factors inhibited your company's ability to initiate climate-friendly investments in the last 12 months?





Note: Asked to participants whose companies have initiated climate-friendly investments in the last 12 months.

It is clear that the role of CEOs will be critical for India's transition to a greener economy. In India, 38% of companies are already generating revenue from climate investments made over the last five years.

Solar and wind are expected to draw in significant investment this decade due to their potential to offer sustainable, commercial returns to businesses. As sustainable investments can create long-term value for businesses, this is an opportunity for CEOs to set industry benchmarks by prioritising investments in renewable energy and to climate-proof their organisations.

4. Strengthen the decision-making process

Leading a company during a period of disruptions requires decision making that is well-informed, disciplined and unbiased. As per a PwC survey, executives place the average value of their most significant decisions about the strategic direction of the business at 25% of future profitability.[23]

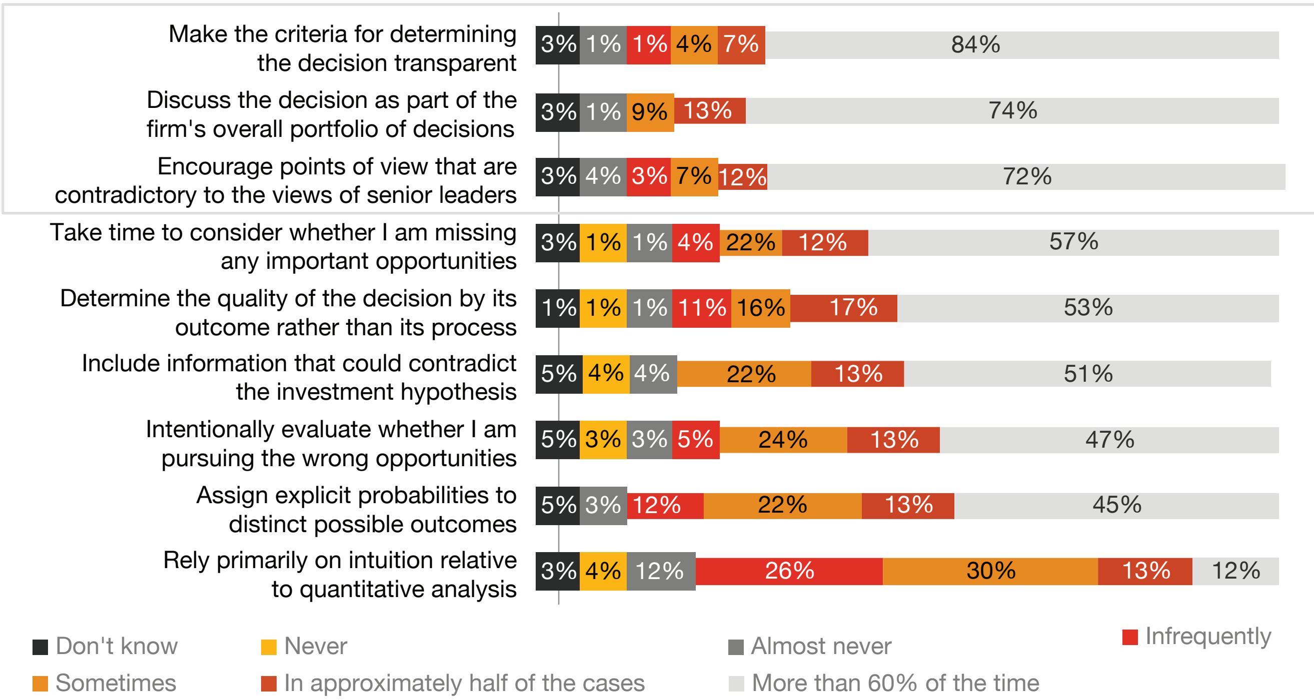
There is direct relationship between a higher-quality decision-making process and reinvention actions, underlining that strong decision-making processes can lead to more action. Recognising the need for transparent decision making, 84% of CEOs in India (compared to 76% globally) acknowledge that they make the criteria for their decisions transparent 60% of the time.

23 PwC, Making strategic decisions

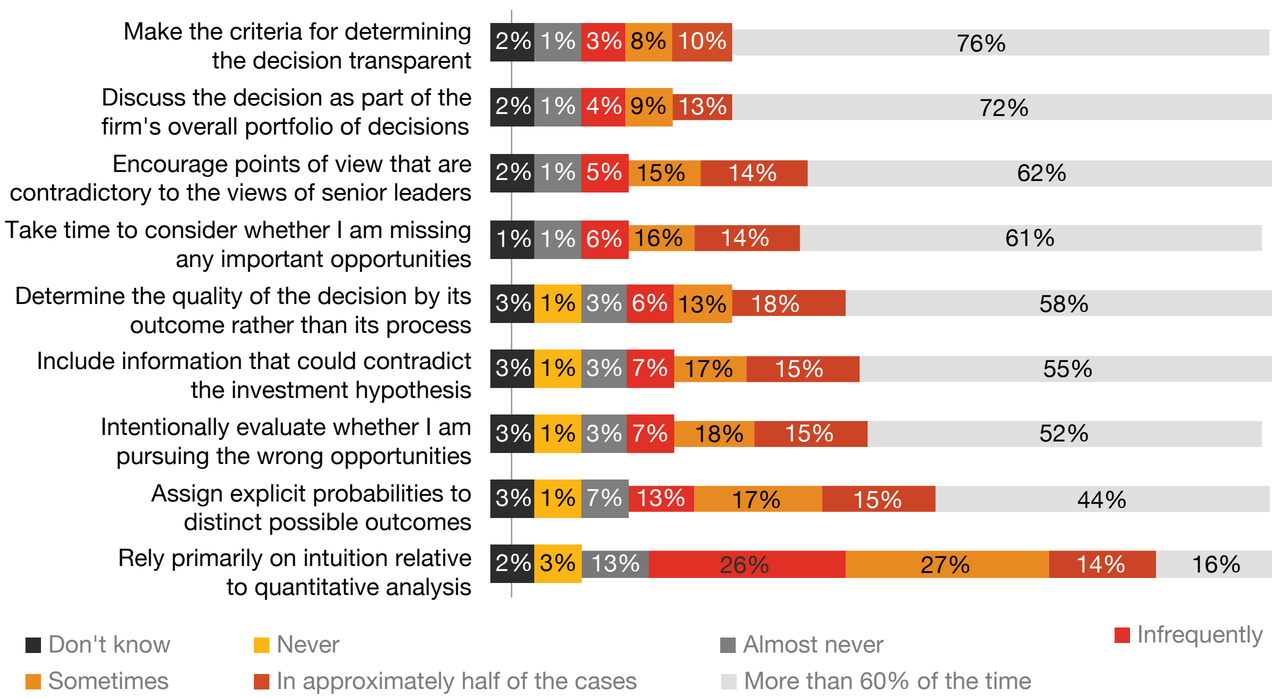
While making strategic decisions, 84% of India CEOs (as against 76% of global CEOs) make the criteria for determining the decision transparent more than 60% of the time

Question: When making strategic decisions, how often do you take the following actions?

India



Global



Note: Strategic decisions are important decisions that involve commitment of significant resources and that affect long-term profitability and growth.

There is, however, considerable room for improvement when it comes to strategic decision-making quality. Only about half of the CEOs, both globally and in India, consider information that may contradict their investment hypotheses, even though it is crucial to actively seek out and integrate such information to ensure a well-rounded analysis, followed by an informed decision. With 53% of India CEOs stating that they determined the quality of a decision based on its outcome rather than the process, there seems to be an urgent need to shift focus from the outcome of a decision to the quality of the decision-making process.

Rishad Premji
Executive Chairman, Wipro Limited

> "One positive mindset shift that has occurred in India is being fine with failure, and starting all over again. That's perceptible in the startup ecosystem which can, with its focus on innovation, do for India what the services ecosystem did over the last 25 years in brand building, job creation and wealth creation. Therefore, attention needs to be paid to the decision-making process quality rather than the outcome."

Today, decision making needs to be approached as a science, one that leverages the power of data and analytics, more than being driven by intuition. Therefore, to enhance the decision-making process, decisions need to be mapped to shareholder value by identifying those that will have the biggest impact on the company's future.[24]

Evaluating alternatives and impacts, for example, assessing how climate change or technological disruption could affect the company and then determining strategies to respond to such megatrends is essential. CEOs could also keep a decision-making blueprint that outlines how the organisation makes decisions, how often they are revisited, who is accountable, and what inputs are considered.[25]

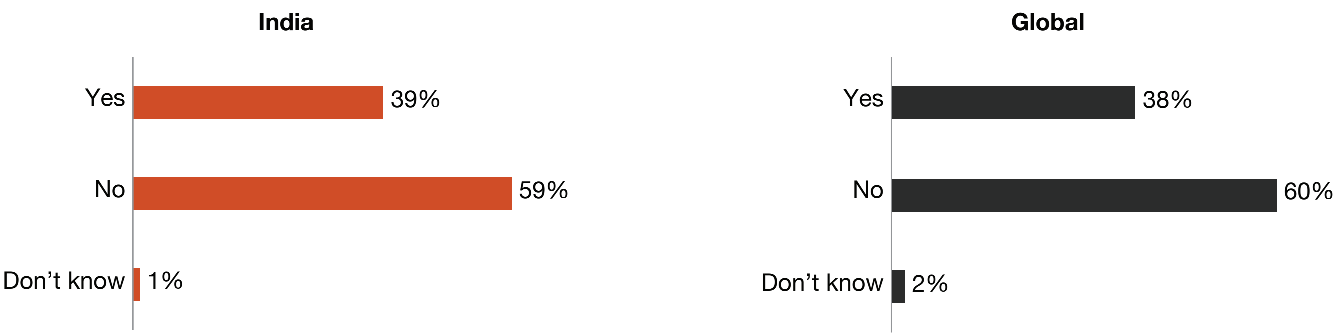
24 PwC, Making strategic decisions
25 Ibid.

5. Draw synergies across industries

In the past decade, digitisation pushed companies to look beyond their traditional boundaries to provide a wider array of products and services. Today, companies are increasingly diversifying into new industries and revenue streams to stay competitive. Four in ten CEOs in India said their companies have started to compete in at least one new sector in the last five years.

> Four in ten CEOs in India and globally state that their company has begun competing in new sectors in the last five years

Question: In the last five years, has your company begun competing in any sectors or industries in which it hadn't previously competed?



Of these, half said that 1–20% of their revenue has come from entering a new sector or industry in the last five years, and the reasons are clear.

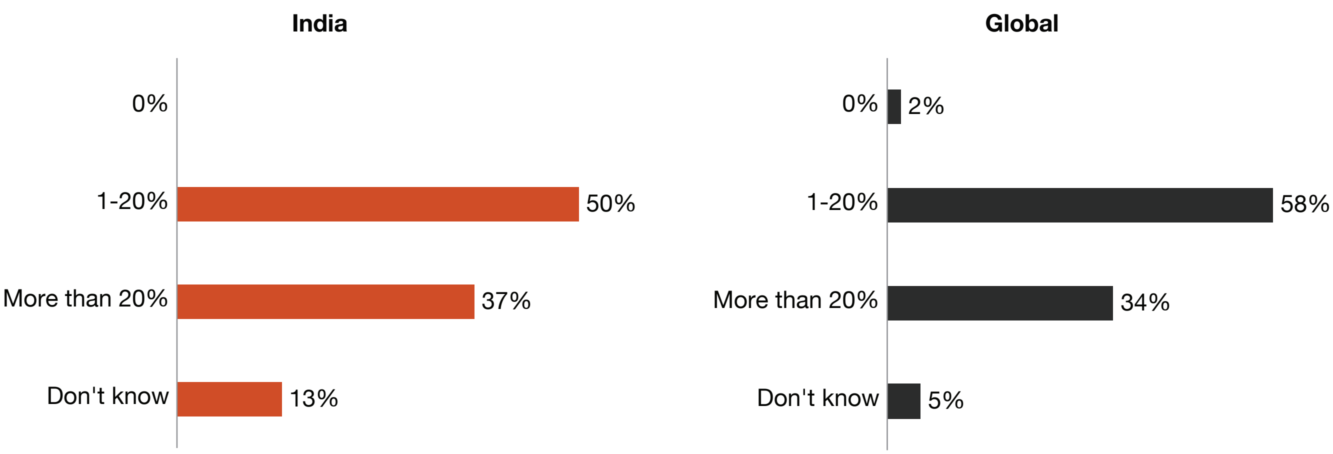
Sanjiv Puri

Chairman and Managing Director, ITC Limited

> "ITC's multiple drivers of growth derive unique sources of competitive advantage from our diverse enterprise strengths honed over the years. These synergies are today also enabling us to foray into new businesses. For example, in our food technology segment, we have created cloud kitchens that combine the strength of our foods and that of our hotels. Another instance of leveraging synergies across diverse business portfolios involves our agri business that serves as a strong backend for our frozen vegetables segment. We have roped in chefs from the hotel business to launch a range of frozen foods and other packaged food items."

A majority of companies, both in India (50%) and globally (58%), saw 1-20% of their revenue come from entering a new sector or industry in the last five years

Question: What proportion of your company's revenue in the last five years came from competing in new sectors or industries?

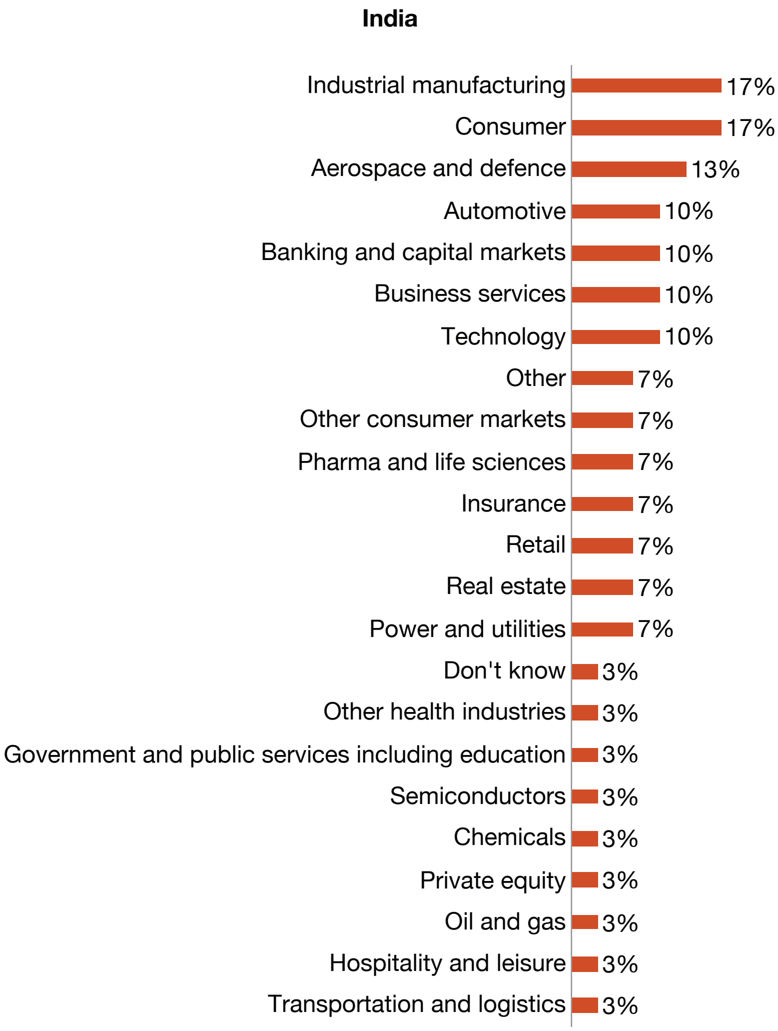


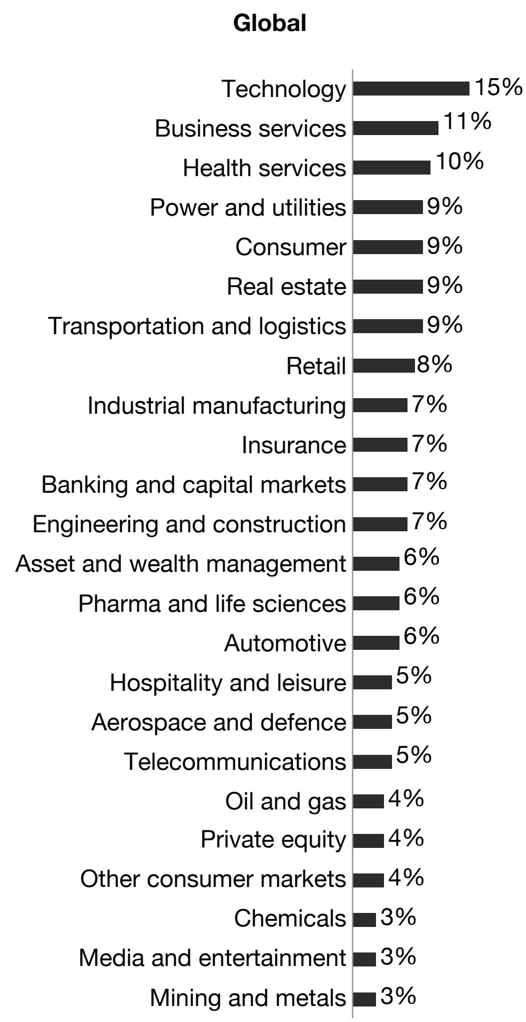
Note: Asked to participants whose company has begun competing in a new sector or industry in the last five years.

Government policies such as Make in India and PLI schemes are also enabling new entrants to explore various sectors by providing incentives, promoting entrepreneurship and innovation, and reducing regulatory barriers. Interestingly, for India CEOs, the sectors attracting the highest number of new competitors from other industries are consumer (17%), industrial manufacturing (17%), and aerospace and defence (13%).

New industries that India companies are competing in include consumer, industrial manufacturing, aerospace and defence, automotive, and technology

Question: Please select up to three sectors or industries that your company has begun competing in over the last five years





Note: Asked to participants whose company has begun competing in a new sector or industry in the last five years.

Given the returns generated by making inroads into other industries, it is evident that this trend will persist. To tap opportunities and respond to changing customer demands, technology companies have transformed into user experience companies, while telecommunications companies have become entertainment content companies.

In the case of the logistics industry, there is a trend towards large industrial or retail customers and suppliers themselves becoming players in the logistics market.[26] Another obvious convergence of industries is that of health and retail as consumers increasingly trust non-traditional healthcare delivery channels, and would consider getting an MRI scan, ultrasound or X-ray done at a retail store or pharmacy.[27]

Even in an industry as specialised as mining, sustainability pressures and technological disruption can result in new entrants in the industry. For example, technology businesses could acquire diversified mining portfolios to stay true to the promise made to their environmentally conscious customers that the minerals that go into their products are produced in the most sustainable way.[28]

Therefore, companies that identify opportunities in sectors that leverage their existing resources and are complementary to their capabilities can have a competitive edge in the marketplace.

26 PwC, The future of industries

27 Ibid.

28 PwC, About the future of mining

Continual reinvention

India CEOs, as discussed earlier, have good reason to be optimistic about the country's growth. India's fast-growing economy, technological prowess, strong infrastructure, and improved EoDB have reinforced the nation's position among the top five investment destinations.

Much of the optimism displayed by business leaders, however, is tempered by the challenges posed by technological disruption, macroeconomic volatility and inflation. Therefore, it is critical to focus on continual reinvention, all the while remaining acutely aware of the interplay between macroeconomic conditions, geopolitical reconfigurations, and other external and internal threats that could derail progress. To maintain focus, a few key questions that CEOs could ask themselves are:

- Am I moving fast enough and with discipline to build AI (especially GenAI) into workflows and processes, and simultaneously prioritising Responsible AI practices to safeguard stakeholder trust?
- What untapped opportunities can I avail of to drive revenue growth and profitability? What climate-friendly products and services can I add to the business portfolio? Am I investing enough in process improvements to improve the quality of our decisions?
- Do I have a clear view on the potential for my industry's structure and boundaries to shift? How do I align my company's operations, capabilities, and business model to the new value propositions and value pools being created because of these shifts?

New domains of growth that cut across sectors and improve the economic viability of businesses can only be created through intelligent reinvention measures around climate change, AI, and megatrends such as a fracturing world, social and demographic instability, and strategically working around the company's vision and mission.

Sanjiv Puri

Chairman and Managing Director, ITC Limited

> "Any organisation has three assets – values, vision and vitality. Vision forms the fulcrum, vitality involves the process of growth and increasing competitiveness to fuel that vision, and values is the sticky glue that holds together the vision and vitality. These three tenets are part of the ethos of trusteeship. As trustees rather than owners of societal resources, our commitment to excellence cannot be compromised under any circumstance. It is for us to create not just economic capital but also social and environmental capital. That is responsible business."

Staying the course on the reinvention track is therefore key to responsible business viability. As the research indicates, some CEOs have already commenced the reinvention journey, while others are beginning to understand its need. The time is now to convert that understanding into bold, decisive actions.

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