



## Weekly Brief

August 28, 2025

# Reflections from India: A Country Defining Its Future

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I traveled last week to India, where I saw a nation brimming with optimism and ambition.

This optimism and ambition are earned rather than wishful. At current growth rates, India is on a path to become a \$7 trillion economy by 2030. Long known for its strength in services—IT and outsourcing most notably—the country has made strides in manufacturing. India is the third-largest manufacturer of pharmaceuticals by volume, with half of its production value exported. Also, the country has shifted from being a net importer to a net exporter of mobile phones.

India's Gen Z population, 377 million strong, is close to the size of the entire population of the EU and larger than that of the US—and generating \$860 billion in annual spending. As these young people create careers and families for themselves, domestic consumption will keep growing sharply.

Three themes stood out to me.

### Trade and Supply Chains

The Indian CEOs I met were remarkably calm about the future of international trade. Every year, BCG publishes a [Global Trade Report](#). This year's report, which came out in January, anticipated a change in trade dynamics, including tariffs. We have since modeled several scenarios and concluded that global trade will continue to

grow over the next ten years, though slightly slower than in the past. We expect strong growth annually for nations in the Global South, where India is a preeminent player. India, for example, is likely to trade more with ASEAN countries, the Middle East, and Africa.

While the US has imposed steep tariffs on India, their impact will be felt more by export-reliant industries such as textiles than the overall economy. Nearly \$60 billion of India's trade of \$87 billion with the US (~2% of India's GDP) is affected. This represents only 14% of India's overall exports. At the same time, India has been improving access to other markets through agreements, for example, with Australia and the UK.

### **The AI Prize**

India is part of an emerging group of [AI powers](#), including Japan, South Korea, and the Middle East, that are on the move. With its strong IT services sector, global innovation hubs, and large tech-savvy workforce, India is well positioned—particularly at accelerating widespread adoption to reap AI's productivity benefits. India is also home to a vibrant community of nearly 3,000 AI startups and notably produces 2 million STEM graduates a year.

In my conversations with CEOs, I noticed that Indian companies have two other strengths that matter for AI: 1) a healthy skepticism that ensures AI investments will achieve a healthy ROI, and 2) once they decide to invest, an ability to move fast and change how employees deliver their work.

### **Green Energy**

India's push into renewable energy was also front and center. Over the past decade, the country has more than tripled its renewable energy capacity to 232 gigawatts and ranks fourth in renewable capacity. The government has committed to increase non-fossil fuel capacity by 500 gigawatts by the end of the decade. This is a prime opportunity for Indian companies and entrepreneurs as well as global companies and investors.

I am a natural optimist. So I am happy to report that many of the CEOs I met at the *Economic Times's* World Leaders Forum in New Delhi shared my bullishness.

Until next time,



**Christoph Schweizer**  
Chief Executive Officer

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