

PIVOTAL

India spotlight 2024



New research by DBS Bank India reveals the growing strategic influence that treasury and finance teams have on the long-term future of the business. Their guidance is vital as digital technology enables new forms of trade and value creation, as demand grows for sustainable business models, and as economic power is rebalanced across emerging markets as part of a new era of globalisation.

Here we look at what this means for businesses in India.

1. The business and economic climate

- An increasingly important player in global trade, India has a diverse manufacturing sector, with major exports including refined petroleum, machinery, vehicles and pharmaceuticals ^[1]
- India's location between East Asia and the Middle East provides access to vast markets in both regions, making it an ideal transit point for goods and services

^[1] https://www.trademap.org/Product_SelProductCountry_Graph.aspx

- Agriculture, manufacturing, mining and construction are core industrial sectors for the country
- India is one of the fastest-growing major economies in the world, and its GDP was approximately USD3.5tn as of 2023, with an annual growth rate of around 6–7% ^[2, 3]

Strategic priorities for businesses in India

The top three strategic priorities for organisations in India for the next two years are:

1. Securing new skills and talent (78% say this is a priority)
2. Improving productivity and operational performance (76%)
3. Business diversification (72%)

Business diversification: innovation, finance and new channels take priority

Among the India survey respondents, executives are most likely to be pursuing diversification equally in the following areas: innovating products and services; sources of financing; and channels to market – 78% cite these as a priority. Seven in 10 businesses (72%) are also looking to diversify geographically.

Barriers to growth: threat of new entrants

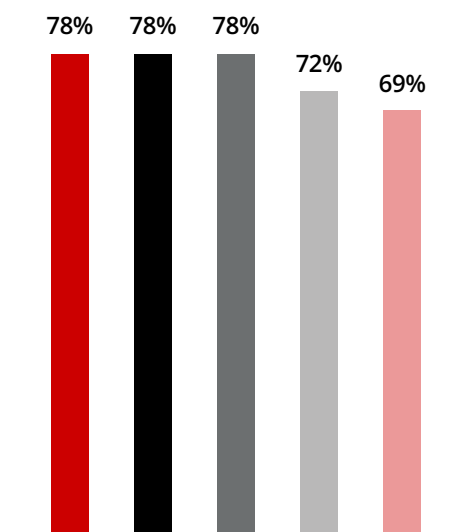
The emergence of new challengers is perceived to be the key factor hampering growth for businesses in India, as cited by 42% of respondents (versus a global average of 27%), followed by access to capital and financing (40%), and growing regionalisation and nationalism (36%). New entrants may be better placed to adopt localised market strategies and navigate changing regulatory landscapes.



Figure 1. Innovation, finance and channel diversification are centre stage for businesses in India

Which areas of the business is your organisation looking to diversify?

- Innovating new products and services
- Our sources of financing
- Channels to market
- Geographic diversification
- Supply chain



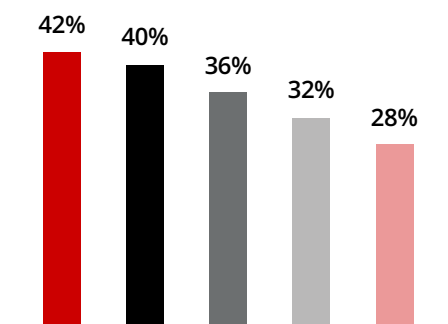
^[2] <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=IN>

^[3] <https://www.worldbank.org/en/region/sar/overview>

Figure 2. Market challengers, access to capital and financing, and regionalisation and nationalism perceived as top barriers to growth in Asia

What are the main barriers that your business faces in Asia today?

- Emergence of new challengers
- Access to capital and financing
- Growing regionalisation and nationalism
- Climate risk
- Economic downturn and volatility



2. The strategic power of treasury and finance teams

Treasury and finance teams in India shape growth strategies

Treasury and finance teams in India are most likely to be involved in corporate strategy (92%), reflecting the insight they can provide into financial markets and funding options. This is followed by procurement and supply chain (88%), and innovation and new product development (78%), with finance requirements being an integral part of the innovation process.

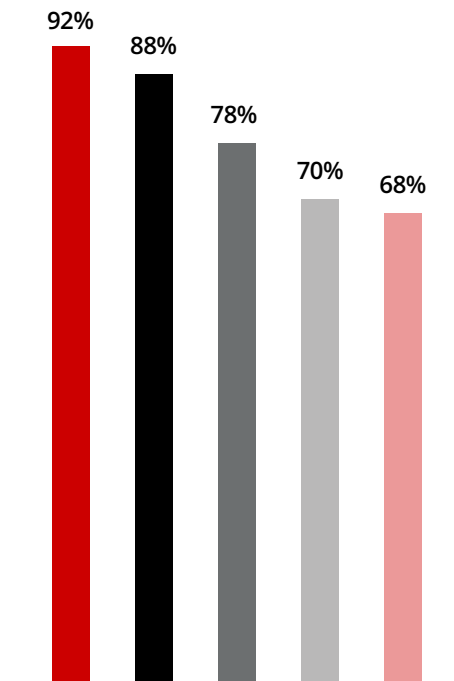
Global expansion high on the agenda for treasury and finance teams

Treasury and finance teams lead on geographical diversification, and how and where to manage their function, with 92% of businesses in India saying their teams are involved in this area of business diversification. As illustrated in figure 4, they also play an important role in securing alternative financing and in innovating new products and services (both 89%).

Figure 3. Treasury and finance teams are closely involved in corporate strategy and procurement and supply chain

Which strategic initiatives are your treasury and finance teams closely involved with?

- Corporate strategy
- Procurement and supply chain
- Innovation and new product development
- Digital transformation
- Risk management

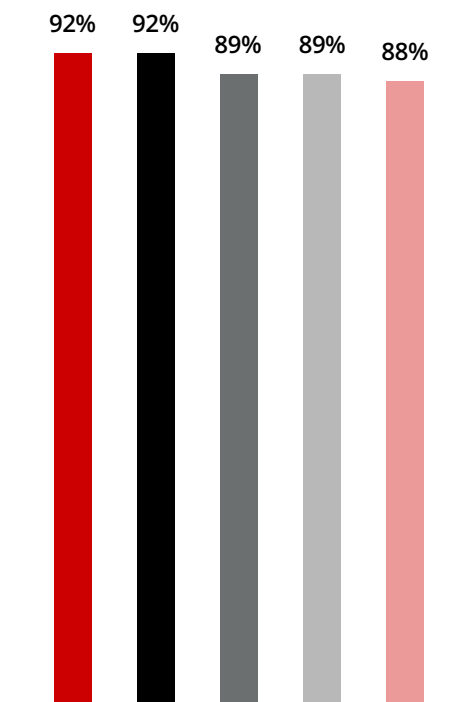


Respondents in the subcontinent are more likely than their regional peers to be engaged in ESG reporting and compliance (65% compared with 62% in Singapore, 53% in Hong Kong and 41% in China). This could be a product of more stringent ESG-related regulations introduced in the country in recent years, growing investor expectations and enhanced corporate governance standards. ^[4, 5]

Figure 4. India's treasury and finance teams drive expansion efforts

Is your treasury and finance function involved in the execution of the following diversification initiatives?

- Geographic diversification
- How and where we manage our treasury and finance function
- Our sources of financing
- Innovating new products and services
- Supply chain



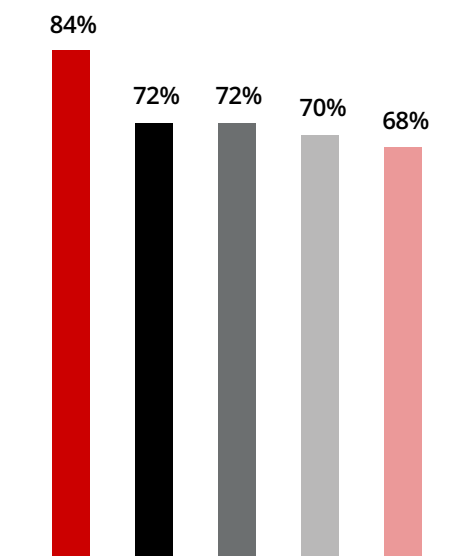
Diverse talent pool is a key draw for treasury and finance teams in India

A diverse talent pool is the most important factor for businesses in India considering where to locate their treasury and finance function, as cited by 84% (versus a global average of 70%), reflecting a greater need for diverse skills and expertise in a region known for its nuanced economy, infrastructure and culture. A stable political environment and robust financial ecosystem (both cited by 72% of businesses in India) are also high on the agenda.

Figure 5. Talent pool a deciding factor for businesses in India

Which factors most influence your decision of where to locate your treasury and finance function?

- Diverse talent pool
- Stable political environment
- Robust financial ecosystem
- Access to global markets
- Supportive tax and regulatory framework



^[4] <https://www.mayerbrown.com/en/insights/blogs/2021/06/india-imposes-new-esg-reporting-requirements-on-top-1000-listed-companies>

^[5] <https://assets.kpmg.com/content/dam/kpmg/in/pdf/2024/01/corporate-governance-in-india-and-the-uk-a-regulatory-contrast.pdf>

3. What comes next for treasury and finance teams in India?

Almost seven in 10 (68%) executives in India believe that treasury and finance teams will be integral to business success in the new era; this is the highest number among all the markets in our research. This highlights the teams’ critical importance to today’s businesses, which is especially relevant in a fast-growing and rapidly evolving economy such as India.

Businesses in India say that the areas where their treasury and finance teams are **strongest** are in:

1. Process innovation and flexibility (68% say their team is capable)
2. Accessing consistent and reliable data (66%)
3. Preparedness to challenge strategy/development teams and offer solutions (62%)

They are **weakest** in:

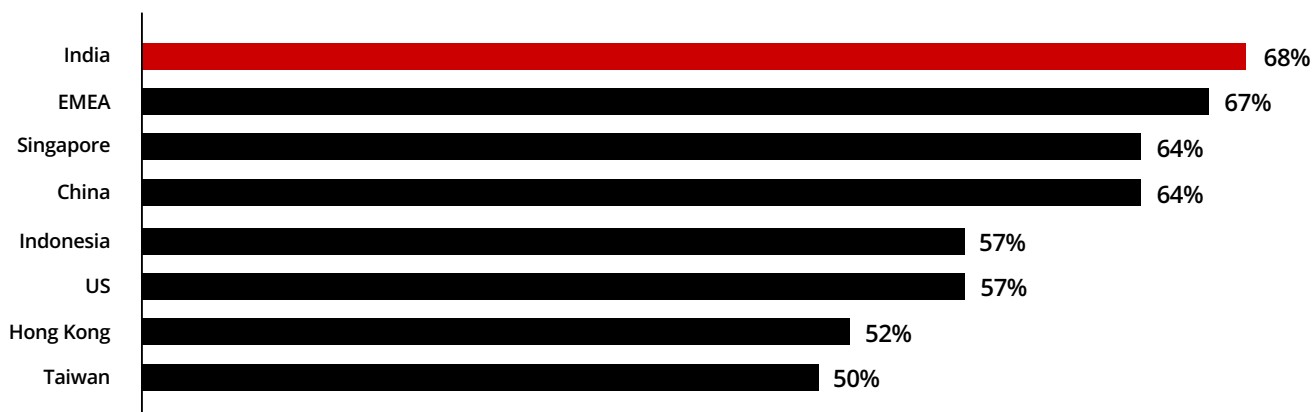
1. Understanding different priorities and challenges across the executive leadership (26% say their team has room for improvement)
2. Securing favourable financing for diversification initiatives (24%)
3. Talent and skills (24%)

Against this backdrop, executives in India are focusing on a wide range of challenges and priorities:

- 70% say that finance, procurement and strategy teams must collaborate to ensure they have a set of common goals
- 66% say securing financing for new strategic initiatives in Asia is becoming more important
- 54% say the CFO/Treasurer is closely involved in strategic objectives, but the rest of the finance function is primarily still focused on operational tasks

Figure 6. Respondents in India are highly likely to see treasury and finance as enablers of success

Do you agree that treasury and finance will be integral to business success in the new wave of globalisation?



- 54% say generative AI is helping them overcome long-term talent shortages and related challenges within the treasury and finance organisation

The outlook for treasury and finance teams in India is full of promise. At the same time, when we consider the high proportion of executives in the country who agree that the treasury and finance teams are integral to ongoing business success (68%), it is clear that expectations are high. With this in mind, our research indicates that treasury and finance teams should leverage strategic partnerships to strengthen their impact and ensure collaboration is taking place

upstream and at all levels of the function – not just at the top. With more than half already making use of the productivity and time-saving gains afforded by generative AI, they should ask how ongoing digital transformation can support them in the execution of an increasingly strategic role.

As an Asia-centric bank, DBS is well-positioned to help companies, and their treasury and finance teams, build resilience and unlock growth opportunities as they chart the way ahead.

[Please click here to read the full *Pivotal* report](#)

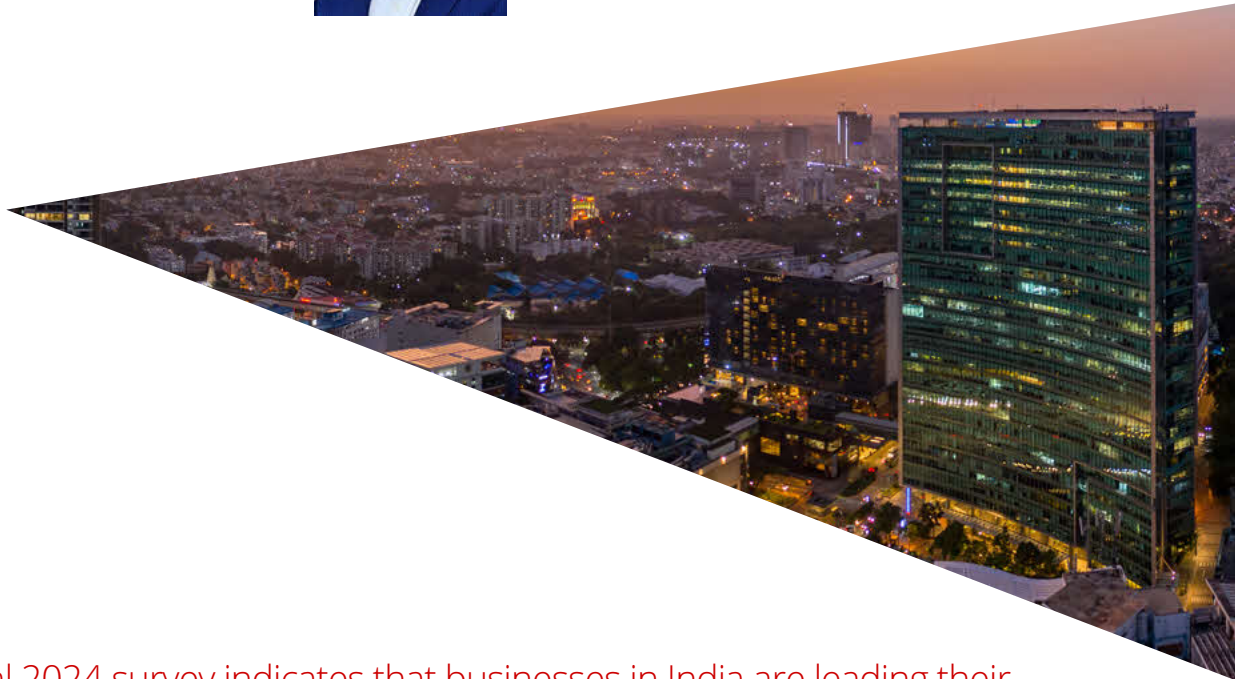


“ Amidst global headwinds, there are emerging opportunities for companies to benefit from the shift towards Asia by harnessing the power of innovation and data-driven decision making. The new DBS study reveals how the treasury function has been evolving strategically within this paradigm to drive business results, unlock value and manage risk. As a trusted partner, DBS Bank is committed to leveraging our established regional network and expertise in digital transformation to help companies navigate this path forward.



Rajat Verma

Managing Director and Head of Institutional Banking
DBS Bank India



“ The Pivotal 2024 survey indicates that businesses in India are leading their regional peers in ESG reporting and compliance, which corresponds closely to trends we have seen with DBS clients in the country. Treasury and finance teams are going beyond their traditional remit in driving value for the organisations. They are increasingly looking to better leverage emerging technologies like AI and generative AI to build their core businesses. As companies become more global, the competitive advantage derived from integrating sustainability and digitalisation into operations will be the deciding factor for long-term business success.



Divyesh Dalal

Managing Director and Head – Global Transaction Services
SME and Institutional Liability Business
DBS Bank India

“ Treasury and finance are supporting businesses in a more strategic way than in the past. We no longer just oversee financial processes but also support growth and manage complex risk. By implementing analytical tools in the back office and working with commercial teams to substantially reduce working capital, we have created an agile sourcing strategy that helps maintain stability despite extreme volatility in our core commodity markets.



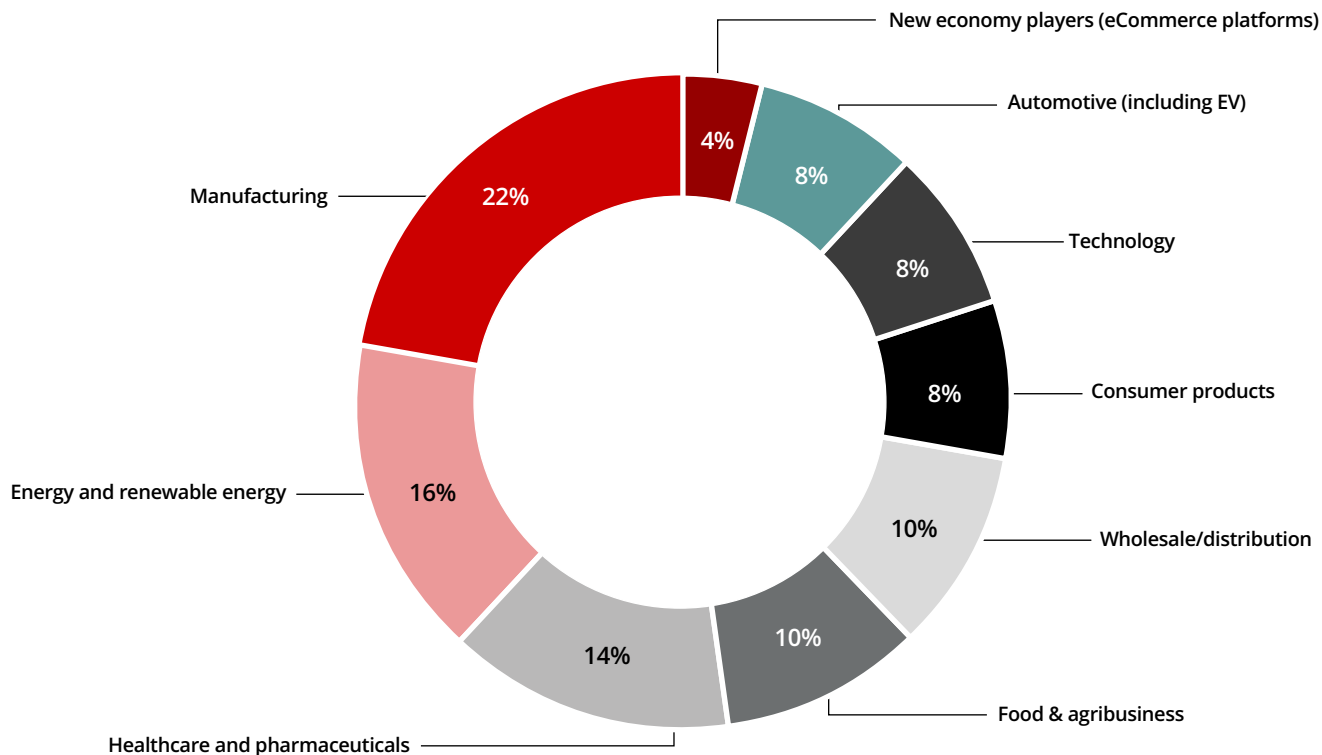
Anurag Mantri

Executive Director and Group CFO
Jindal Stainless



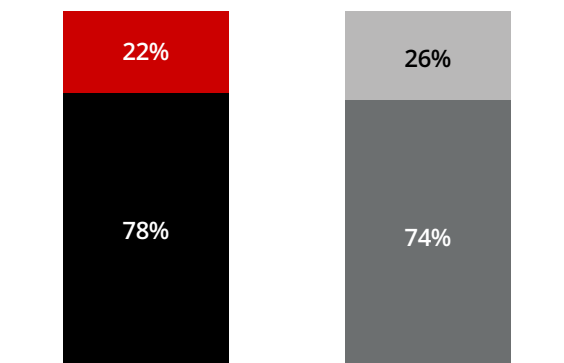
India: Demographic breakdown of survey respondents

Industry



Function and seniority

- Strategy
- Finance
- C-level (executive leadership/board member)
- C-1 (senior management reporting into executive leadership)



Role

