INDIA AT 75: IT'S TIME TO ROLL ON THE THROTTLE

Chandan Karmhe (EEP-EPBF-2018), *on the journey of the Indian Economy in the last 75 years and its inherent strengths and structural weaknesses that still need to be addressed.*

British imperialism in India, in the words of American Historian Will Durant, was the "greatest crime in all history". It bled India for centuries. Millions of our people vanished. Those who lived were maimed, tortured, and robbed of their dignity and freedom. The invasion and destruction of land dubbed by Mark Twain as "the cradle of the human race" by an unscrupulous British Corporation and then by its malevolent Empire is a crime that the world can neither forgive nor forget.

When India finally gained its independence in the year 1947, it was no more the country the English had walked into. India's share of the global GDP had declined from an impressive 23 percent when the monopolistic English East India Company took over the land of seven rivers to a mere 3 percent when the Imperialists were forced to depart from a colony they felt was the 'jewel' in their crown.

The cost of this loot in today's economic value is estimated - by renowned Economist Usha Patnaik -- to be a staggering $45 trillion. 45 trillion dollars is about 15 times the size of Britain's current GDP. India, since 1947, has consistently tried to overcome its challenges. Some embedded. Some imposed. It has, nevertheless, strived to walk into the dawn. It has, nevertheless, strived to achieve. Contrary to the beliefs of people like Winston Churchill who said, "If Independence is granted to India, power will go to the hands of rascals, rogues, freebooters. A day would come when even air and water would be taxed in India." Churchill's only success in predicting India's future has been that it remained true to his famous line. The predictions just went from one failure to another.

India in the last 75 years has silenced its naysayers with its rise. Our per-capita income has registered a growth of 2224% since 1947. Our exports are up more than 30 times. The length of our roads has increased by 1350%. We produce five times more food grain than we did pre-independence. Life expectancy has more than doubled. The other social indicators have improved by a strong measure. We have a strong defence. We lead in technology. We're a nuclear power. We are now capable of touching the skies, the planets, and the stars. And, it's only a matter of time before the Indian economy overtakes that of the United Kingdom in GDP numbers.

There's enough material available before us to be proud of, however, one still must remember, that we are no richer, in relative terms, than we were in 1947. India's "average income was 18 per cent of the world average at independence," highlights famous investor and writer Ruchir Sharma in his piece for the Financial Times, "but that figure fell until the early 1990s, before climbing back up - to about 18 per cent."

"My dear," wrote Lewis Carroll in Alice in Wonderland, "here we must run as fast as we can, just to stay in place. And if you wish to go anywhere you must run twice as fast as that." In the year 1987, the Indian and the Chinese economies were members of the same league. India did better its record after the economic reforms in the year 1991, but China did much better. This relentless attitude of running fast over the years has made the Chinese economy five times bigger and richer than ours.

In Asia, we also lag behind some of the smaller nations such as Vietnam, Malaysia and even our next-door Bangladesh in multiple economic indicators. In Vietnam, for example, the manufacturing sector's share of GDP in the last two decades has more than doubled; for us, however, this share has only improved by low single digits. Our permits in businesses such as construction still take twice as long as Malaysia's. Bangladesh apart from giving us a tough time in the race for a higher per-capita income has also marched ahead of India in capitalising on the labour-intensive new trade opportunities. Thailand is doing better than us in the World Bank's ease of doing business index. Indonesia is 68 steps ahead in the Heritage Foundation's Index of Economic Freedom. Even if we shut our eyes to these institutional international comparisons and competitions, we have a serious domestic workforce challenge building up, closer at home, that we just cannot afford to overlook.

India needs to create around 100 million new non-farm jobs in the next ten years, to absorb the workforce that is set to enter our job markets. This includes an influx of about 30 million people who could move from farm to non-farm sectors looking to find more productive work along with other 70 million fresh entrants in the job markets.

A decade of high GDP growth is now India's need. The Indian economy kept a pace of around 7 percent during the period 1992 to 2020. We have it in ourselves to do it again. This time, however, the growth must come in a new avatar. A better avatar. In a sustainable mix and for a stronger fix.

India will have to augment the share of its manufacturing sector in the GDP. The manufacturing sector's ability to generate jobs remains unmatched. We have to thrust its share to around 20 percent of our GDP. The other area where we have to focus is getting our land supply organised. We have to create new and better cities where million-plus people can live and have a quality of life they can be proud about. China has an impressive set of cities. We mustn't hesitate to learn. Cities are growth engines.

The private Sector in India does at least twice as better in productivity when compared to the State Owned Corporations in the same sector. Organisations like Mckinsey & Co. keep highlighting this fact in one report after the other. Hindustan Zinc Limited, for instance, was privatised in the year 2002-03. Government ownership came down from 76 percent to 30 percent in 2003-04. In this period, the productivity of the organisation measured in metric tons produced per employee went up three times. There are many other stories akin to it where the change in the mix of ownership led to a change in fortune for the enterprise. Privatisation, although a difficult political call, should be acted upon when prudence demands it. India's private enterprises are also run by the Indian people. They are as patriotic as the people who work in the Public Sector.

It should be easier to start a business in India and so should be coming out of one. The most important of all remains the labour market. It's wailing for reform. Augmenting the ability, mobility, and security of our workforce is critical. Our female labour force rate is amongst the lowest in the world. Correcting it is not only our economic need but also our societal and moral duty. Same as reforming our laws & courts.

The task ahead for India is daunting. It's achievable nevertheless. India can become a $10 trillion economy in the next 10 years. It should benefit from the network effect. The Government's role remains pivotal. It must continue to see itself primarily as a facilitator and not as a regulator. We're at an inflexion point. We can't miss the bus this time.

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