

RSTV

PERSPECTIVE: INDIA@100



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Context

- India is set to become an **upper-middle-income country** by 2047 by achieving a sustained growth rate of 7 to 7.5 per cent for the next 25 years. And at this growth, India can become a 20 trillion-dollar economy by 2047.
- This was asserted by the Chairman of the **Economic Advisory Council** to the Prime Minister, Bibek Debroy while releasing '**The Competitiveness Roadmap for India@100**'.
- With a Gross Domestic Product (GDP) of 2.7 trillion dollars, India is currently the **world's sixth largest economy** and is classified as a developing nation.
- Prime Minister Narendra Modi has set an **ambitious target** of making India a developed nation by 2047. A developed country is typically characterized by a relatively high level of economic growth, a general standard of living, and higher per capita income as well as performing well on the Human Development Index (HDI), which includes education, literacy and health.

The development of the roadmap has been driven and inspired by the Prime Minister's words for setting out a pathway to guide India on its growth journey over the coming 25 years i.e., Amrit Kaal and making India a developed nation by

2047. Professor Michael Porter, Dr Christian Ketels and Dr Amit Kapoor have worked on the Development of the Competitiveness Roadmap for India@100. They have worked closely with Dr Bibek Debroy, Chairman, EAC – PM and Shri. Amitabh Kant, G20, Sherpa as a part of the process.

The Competitiveness Roadmap for India@100'

- The Competitiveness Roadmap for India@100 was released by the Economic Advisory Council to the Prime Minister in the presence of Dr Bibek Debroy, Chairman, EAC-PM, Amitabh Kant, G 20, Sherpa, and Sanjeev Sanyal, Member, EAC-PM.
- It emphasizes the context that a nation can provide **firms to be more productive** and for individuals to be able to partake in the value generated through their productivity.
- Based on this approach, the India@100 roadmap guides the way for India to become a high-income country by 2047 through sector-specific and region-specific policies based on the **'4 S' principles**.
- The '4 S' guiding principles redefine our approach to attaining prosperity by stressing the need for prosperity growth to be matched by **social progress**, to be **shared** across all regions within India, to be environmentally **sustainable**, and to be **solid** in the face of external shocks. By capturing these four important aspects, the '4 S' guiding principles pave the way for resilient and holistic development.
- The roadmap is a step in this direction. It offers a thorough **diagnostic assessment** of India's current competitiveness level, the primary challenges faced, and growth opportunities.
- Furthermore, **setting out the pathway** to becoming a high-income country, the roadmap suggests essential areas of action, including improving labour productivity and enhancing labour mobilization, boosting the creation of competitive job opportunities, and improving policy implementation through greater coordination across different ministries.

Challenges India faces in achieving the 'Competitiveness Roadmap for India@100'

- On the path to becoming a developed nation, India faces four key challenges:
 - **Shared prosperity:** The growth disparity is deep-rooted in India. The K-shape recovery in 2021-22 was evidence of it. Hence, equitable growth in Indian society is one major challenge.
 - **Employment:** Although India is having huge demography, it struggling to generate new employment opportunities and thus, making it challenging to convert this demography into dividends.
 - **Implementation:** Since independence India has diverse set of planning which proved to be dynamic. However, efficient implementation is a challenge for India.
 - **Global challenges:** Global events like the COVID-19 pandemic followed by the Russia-Ukraine crisis gave certain economic shocks to India related to disruption in the supply chain, oil crisis, and economic slowdown.

How India envisages to overcome challenges?

- India needs to generate **economic opportunities** that are shared across the Indian society.
- Prime Minister has recently emphasised the **'Ease of Living** that can be achievable by social development. In other words, there is a need to match economic growth with social progress.
- With India being mixed with the global economy there will be positive as well as negative impacts. India has shown its **resilience** against external shocks but there is still more to do in areas like supply chain mechanisms.
- **Sustainability** is another domain where India can balance its economic growth with the environment.

This roadmap lays down the guiding principle in setting up the pathway for India to become a developed nation by identifying the key areas where to put renewed efforts.

What factors will drive the national value proposition for the country?

- The drivers should be **evidence-based**, and it should have a **clear strategy** and the effectiveness of leadership. The leader needs to empower people and vice versa. This demands to set up Indian Observatory and the need to have executive training for leadership.
- India will have huge **demography** till 2055. Though there will be a disparity among the states in terms of demography. Thus, policymakers should focus on this driver of economic growth by developing employment opportunities as a whole.
- India also needs to focus on its **existing strength**. For example, the production-linked incentive (PLI) scheme, similarly the pharmaceutical industry and agricultural-allied industry are the growing sectors in India.
- Other than that, sector-specific strategies, social policy, renewable energy, strengthening of markets and development of competitive firms.

With the integration of economic and social progress, how India should translate the guiding principle in this roadmap to enable action on the ground?

- The report emphasises and focuses on the quality of growth. In other words, it has not only set the target of 7-8 per cent of growth but also a **roadmap for achieving that growth**.
- Given **India's demography**, it will be critical for the policymakers to develop a social aspect in framing policies.
- The implementation of the **National Education Policy (NEP) 2022** and the **Universal Health Coverage (UHC)** will be the key aspect in integrating economic growth and social development i.e., integrating quantity with quality.

What is required to reap the maximum advantage of the demographic dividend India has?

- At present India faces the **dual challenge** of development i.e., social and economic.
- **For social perspective:**
 - The government should work on reducing the burden of **childhood poverty** through an effective policy.
 - The government need to focus on improving the **education system** i.e., the first twelve years of education - there is clear evidence that educated people have a multiplier effect on economic development.
 - The COVID-19 vaccination drive proved that India has a great **healthcare system** but it needs to strengthen the valued healthcare system.
 - **Value-based healthcare** is a payment system that compensates healthcare providers for the quality of care provided to their patients. Major aims to be fulfilled by this system: A value-based healthcare model prioritises **patient-centric care**.
 - **Public safety and early childhood care** is another area that the government should focus on.
- **For economic perspective:**
 - Dedicated policies for **emerging sectors** like tourism, electronics, and digitisation need to be emphasised.
 - India has shown that it has certain deficiencies in implementation hence, the most critical aspect here would be the implementation that too **state implementation**.

What restructuring is needed to address the deficiencies in the implementation?

- Prime Minister has highlighted the concept of **competitive federalism**. This should take into account the following:

- Improve **institutional capacity** and dialogue between institution and people for efficient and people-centric governance.
- Prime Minister has also highlighted the need to focus on **Research & Development (R&D)** to build the base for business models.
- **Ease of Business** is another critical aspect in India to change the ideology from job seeking to job creation.
- Combining the above mention steps will not just help India in collaborating among ministries & departments to fulfil its commitments but also addresses the gap in implementation.

Quality R&D is the key to India's future. However, India faces certain challenges in the development of the R&D sector.

- The report highlighted that the job and firms need to be competitive. Among all the sectors the **Micro Small and Medium Enterprises (MSMEs)** face a **huge deficiency in R&D**. The sector in India produces 6000 products and employ 12 crore people yet there is no R&D in MSMEs.
- India's research industry has issues due to **poor higher education** regulation and low tertiary Gross Enrolment Ratio.
- Major R&D in India is for the development of the defence industry, this needs to be diverted to other labour-intensive sectors.
 - According to a report (2020) prepared by the Department of Science and Technology (DST); of the **funding allocated** to R&D in 2017-18, 61.4% of the amount went to DRDO (31.6%), Departments of Space (19%) and Atomic Energy (10.8%) together. Approximately 37% was allocated to the general R&D agencies like the ICAR, CSIR, DST, DBT, ICMR etc. while only 0.9% was allocated to R&D in electronics, IT and renewable energy.
- On the lines of Agricultural Universities, India should set up Entrepreneur or MSMEs Universities with increased allocation in R&D to help 130 million youth who will enter the workforce in the next decade.

Several developed countries around the world have shown that the increased role of the private players has encouraged innovation in the country, while the reverse has been witnessed in India.

- The private sector in India has been lacking in terms of participation in the R&D sector due to high risk or low protection against their investment.
- But it plays a very critical role in the development of the unorganised and MSME sector which employs Indian youth.

In the wake of domestic and global challenges, India has witnessed a food and energy crisis and it also questions India's ambitious target of becoming a developed nation by 2047.

How India should balance the growth amid these challenges?

- In the decade preceding the global pandemic, **India's economy experienced a favourable global climate for growth**. This period saw two key developments: low global commodity prices and double the inflow of foreign direct investment into India to over \$50 billion in 2019. This shows the resilient Indian economy.
- Even though, India faced issues in the global supply chain, domestic production, and health infrastructure. So, such vulnerable sectors should be the priority for the government of India.

Opportunities in India far outweighed the challenges both domestically as well as globally. And perhaps that is going to be an important factor that will write India's growth story and propel it towards the status of a developed nation. This will need people's participation as a bottom-up approach to achieve this ambitious target by 2047.

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