

Is India Emerging as a Developed Nation?

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THE GREAT FINANCIAL CRISIS of 2008 pulled down the economies of US and other developed nations of Europe. But the effect of that crisis on India was minimal. Beginning from the new millennium i.e. 2000AD, a new theory or idea of BRIC nations emerging as economic powers is gaining ground. The acronym BRIC stands for Brazil, Russia, India and China. For the past few years, South Africa is also being added to this club. According to this theory, by 2050 or earlier China will emerge as Number one nation in the world in terms of GDP, followed by the United States and India. Between 2015 and 2020 emergence of India as a super power/developed nation is also predicted. This view is held by leading economists and political thinkers worldwide, and bodies like the World Bank.

In this context, it is relevant to discuss about two books by Indian authors on the above theme. First one is titled INDIA UNBOUND by Gurcharan Das published in the year 2000 with an afterword written in 2007. The second book is titled 'IMAGINING INDIA—Ideas for the New Century', by Nandan Nilekani published in 2008. Gurcharan Das, though a senior executive of a multinational is a well known scholar and has authored a few other books. Nandan Nilekani is one of the pioneers in IT business. Presently he is the Chairman of the Unique Identification Authority of India with the rank of a Cabinet Minister.

Though the titles are different, the theme of both these books is the same—that India will emerge as a developed nation by 2015–20. Both of them have asserted that India's ascension started in the Reform era beginning in 1990s. Yet there is some difference in their approach and emphasis on important points.

According to Gurcharan Das soon after Independence in 1947, the policy of Government of India under Nehru's economic path was flawed. The worst indictment of Nehruvian socialism is that in the end it did very little for the poor.

He makes a very interesting statement about the emergence of Knowledge Industries in India: "Rich countries were supposed to specialize in the knowledge industries of tomorrow and poor countries in low-wage, low-skill industries of yesterday." This was the theory, but someone forgot to tell Bangalore (and Hyderabad, Chennai, Gurgaon, and Pune). Everyday people read about a new success in the new "knowledge economy". There are 325 software companies in Bangalore. Most of them have customers in America, who e-mail their needs before they leave their offices. While they sleep, Indian engineers work on their problems. By the next morning, as they bring their coffee mugs to their desks, Americans have their answers as they log on.

Gurcharan Das says that Infosys and NIIT are the best examples of the new type of entrepreneurial companies making to mark in the brave new India after the reforms.

Today Indian bureaucracy has become the single biggest obstacle to the country's development. Indians think of their bureaucrats as "self servers, rent seekers, obstructive, and corrupt".

In China and other East Asian countries the bureaucracy's attitude is positive and helpful for new business ventures.

During the past two decades the voluntary movement has helped to connect the people to their rulers. Literally hundreds of voluntary organizations have become embedded in local communities across the country, and have reinforced the message of self-help, co-operation, and civic solidarity to the villagers. Women's environmental groups have especially made a strong presence in some communities.

In the short term, the best way for India to improve the lot of the rural poor might lie in a second green revolution. Unlike manufacturing, India has a competitive advantage in agriculture, with plenty of available land sunshine, water and very low productivity. In order to achieve such a change, however, India will need to shift its mindset from peasant farming to agribusiness and encourage private capital to move from Urban to rural areas. It will need to lift onerous distribution controls, permit "contract farming", allow large retailers to contract directly with farmers, invest in irrigation and slowly permit consolidation of hugely fragmented holdings. A grand American model indeed!

NANDAN NILEKANI'S WORK

Coalition governments at the centre often give themselves labels that reiterate unity and a common purpose -the United Front, the United Progressive Alliance (UPA), the National Democratic Alliance (NDA). But in reality they represent fiercely sparring ideals, and reflect an India that is intensely fractured, its divisions sharply defined not so much by ideology as by religion, caste, class and region.

Globalization is right now a pretty incendiary issue. For some it is a metaphor for free trade and an increasingly interdependent world. For others it is a sinister force that homogenizes cultures, adds to threats of hegemony, hurts global diversity as consumer trends expand across borders and destroys the earth's environment.

For the sake of its historical importance, here is an important quotation from Nilekani's book:

In 1794—Cornwallis Governor General—was afraid of introducing English education in India—once the Indians learn English, like America who throughout the yoke of the British in 1781, Indians would also revolt.

But in 1828 the finances of the company was in a mess. One of his recommendations of the Governor General Bentinck was to replace British workers in the company's judicial and administrative jobs with cheaper Indian graduates. To enable this, Bentinck added a clause in the company's 1833 Charter Act opening up government posts to qualified persons 'irrespective of religion birth, descent or colour'.

By the time Thomas Macaulay arrived in 1834 as the new president of the General Committee of Public Instruction (which framed the Company's education policies in India), there was growing support among the officials for an English language policy. But Macaulay provided the policy with new, powerful ballast, bringing a righteous passion to the cause of English education in his famous minute of 2nd February 1835. Launching an outright attack on Indian learning, he said that if Indian education continued, 'we shall (allow) at public expense, medical doctrines which would disgrace an English farrier, astronomy which would move laughter in girls at an English boarding school... and geography made of seas of treacle and seas of butter'. Macaulay supported Bentinck in creating an elite group of English educated Indians: 'We must... form a class who may be of persons Indian in blood and colour, but English in tastes, in opinions, in morals and in intellect.'

But there are limits to what economic momentum alone can do in reforming ineffective systems. As Nayan Chanda says, 'In today's economy, trade is a fast train, stops only at certain stations—the one with the infrastructure and the factor advantages to support it'. In India people have already seen this in rising imbalances across Indian states—Gujarat, Maharashtra, Karnataka and Tamil Nadu are seeing rapid gains from globali-zation, while Bihar and Uttar Pradesh and West Bengal are not. Here is a conundrum: global trade might enable better governance, but the states that should benefit most from such reform are so weak that they do not see global markets stopping at their particular 'stations'.

Like Gurcharan Das, Nilekani has also commented on the role of NGOs. NGO's Rise is significant since 1980s. 'Many of the early NGOs were caste based or religious organizations. The exceptions to this were the Gandhian NGOs, which probably came closest to the 'civil society' idea in emphasizing welfare across caste and community lines'.

In Nilekani's view the huge population of India is not a liability but an asset. With proper and right kind of education and training India could be the source of man power for IT, BPO and other service Industries of the whole world. More and more people could move to urban areas and become part of the middle class. For the shrinking rural population the solution offered is:

"Allowing private entrepreneurship in agriculture such as contract based agricultural and eco-system services, in parallel with carbon pricing systems can shift farmers away from destructive agricultural practices and also create a large, new market for green agribusiness. Interlinking farmers more effectively to market would also help them directly access carbon markets."

A NATION OF

MIDDLE CLASS PEOPLE

In truth both these authors have the same theme. They predict confidently that by 2015-2020 India will have a very huge middle class of sixty-seventy crores or more as against two and a half crores at present. At the rate of present days income levels (2011) the average monthly income of this class would be between Rs 20,000 to Rs 1,00,000 per month or more. On this basis if one calculates the nation's GDP it is easy to claim that India is a developed nation.

Both the authors visualize urbanization on a very large scale. Sixty to seventy percent or more of the population will be living in Urban areas. They are not specific about cities like Bangalore, Chennai and Hyderabad expanding further or some other cities becoming metros.

The glaring omission is about providing urban facilities in terms of Housing Drinking Water, Transport, Health and Sanitation facilities etc. They have glossed over the environmental issues.

What about the food products? As people have extra cash they will be buying more of food grains, milk, pulses, vegetable fruits etc.—often in excess of their requirements and wasting a good percentage. The cities and villages will also have people who do not belong to the middle class and whose incomes are low—at present day levels varying between Rs 3,000 to 5,000 per month per family or less. Unless the Government subsidises or gives their food rations free, they will starve. They will also need a house to live. Perhaps the slum areas in cities will expand and accommodate these unfortunate people adding to the lack of sanitation and worsening the pollution problem.

In the end, even if the authors' dream of India with a majority population upgraded to middle class is fulfilled, the gulf between the middle class and the poor will be wider.

The authors have presented concerned Indians on a platter a sweet dream which is flawed, and which leaves many important questions unanswered. □□□