

Webinar – “India’s Place among Asian Tigers”

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Panelists: Vishnu Prakash IFS, former Envoy to Canada and South Korea, Ajay Sancheti, former Rajya Sabha Member, leading industrialist and into healthcare and environment protection management, and TS Rawal, prominent economist and Partner, TS Rawal and Co, Chartered Accountants.

India needs to reform and accelerate to be an Asian Tiger, say Speakers. Prakash informed that 20% of the world’s working people would soon be Indians. With the right skill sets how can we be a leader in Asia? Countries like Singapore, Japan, Korea were all devastated economies due to Covid-19, but had revived fantastically due to export-led growth. He observed certain common key factors that led to this revival viz – Industrialization and exports, discipline and diligence, patriotism and a national character, and flexibility in labour laws and taxation.

India would be the third largest economy in the world in another 20 years as we have conducive elements such as a democracy, an aspirational population, frugal innovations, youth, size of our market, and we are heading for food and energy security, so our stock is very high. However, in spite of these positives, India was still in the take-off mode for the past 30 years because failed to expand our manufacturing base, and our security environment remains very vulnerable. In order to compete with the world we have to provide ease of doing business, have the next generation of reforms and go for industrialisation.

Ajay Sancheti informed that India is the fifth largest economy today after the US, China, Germany and Japan, but we need to speed up and scale up. Although our infrastructure has now picked up, and in IT the world depends on India and is controlled by Indians, in order to compete within Asia, we lack in developing our regional sectors all over the country. Only if we do this, can we have over-all development. Our banking system has to compete with the world markets and standards and they have to provide timely availability of money. The Govt. is trying to do everything, but it’s not reaching the people. Also, old laws need amendment.

TS Rawal argued that there were three critical interventions that governments could use to speed up economic development. The first – and the most overlooked – was to maximise output from agriculture, which employs the vast majority of people in poor countries. Successful East Asian states have shown that the way to do this is to restructure agriculture as highly labor-intensive

household farming. This makes use of all available labour in a poor economy and pushes up yields and output to the highest levels.

The second intervention was to direct investment and entrepreneurs towards manufacturing since the manufacturing industry makes the most effective use of the limited productive skills of the workforce of a developing economy, as workers migrate out of agriculture. Relatively unskilled labourers create value in factories by working with machines that can be easily purchased on the world market. Focus on exports was the key to success.

Finally, interventions in the financial sector to focus capital on intensive, small-scale agriculture and manufacturing development. The state's role was to keep money targeted at a development strategy that produced the fastest possible technological learning, and hence the promise of high future profits, rather than on short-term returns and individual consumption.