

INDIA as a Superpower?

- 1. Indian Polity and Economy**
- 2. Energy & Climate Change**
- 3. Reforms Needed**



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Needed Reforms

Needed Reforms



- What are the constraints on faster growth of India?
- Economic Policy Reforms & Political reforms
- Administrative Reforms & Red Tape
- Dangerous Neighbourhood & Need for Defence
- Infrastructure Explosion
- Agriculture-Land Ownership, Acquisition, Productivity
- Education-For All; Quality
- Health-for All, Better Quality, Emphasize Public Health
- Poverty Reduction, Reduce Inequalities

CONSTRAINTS: Weak Agriculture



- Supports 60% of population
- Agriculture was 32% of GDP in 92-93; 17% in 2008-09 (AE)
- Agriculture growth or decline has direct effect on GDP; 97 GDP + 7.8% Agriculture +8.8; 04- 8.5 & A-9,3
- Static rice, erratic wheat, production:
- 08 07 06 05 00 91 81 (mn t)
- R 96 93 92 83 85 74 54
- W 78 76 69 69 70 55 36
- Land availability limited: Since 1980 crop area for food grains static at around 124 mn hectares
- Total Investment in Agriculture falling in 1990s as % to GDP from 1.92 in 90-91; 1.83 in 99-00; 2006-07- 2.3 %

Weak Agriculture-2



- Fall is in public investment; private keeps rising; funds for public investment diverted to poorly targeted subsidies(water, power, fertilizer)
- Productivity levels are low: Yield @ 100kg/HA; India and China in 2006: paddy 31.24 & 62.65; wheat 26.19 & 44.55; cotton 6.0 & 33.3; g.nut 8.6 & 31.2, s.cane 669.4 & 825.25
- Poor policies encouraging unsuitable crops: free electricity; minimum support and procurement prices same; annual price increases; no ground water policy; free power to agriculture 60% population lives on agriculture
- In downturn, companies turning to rural markets, with new Marketing methods
- Huge potential as diversification progresses

Domestic reforms



- Land Reforms Land acquisition, records and ownership-e.g., Bihar; Tribals
- Develop social and physical infrastructure especially in Maoist controlled areas
- Create rural job opportunities
- Raise agricultural productivity; organic, G.M.
- Improve Water Usage-both urban and rural-pricing, conservation, agricultural practices

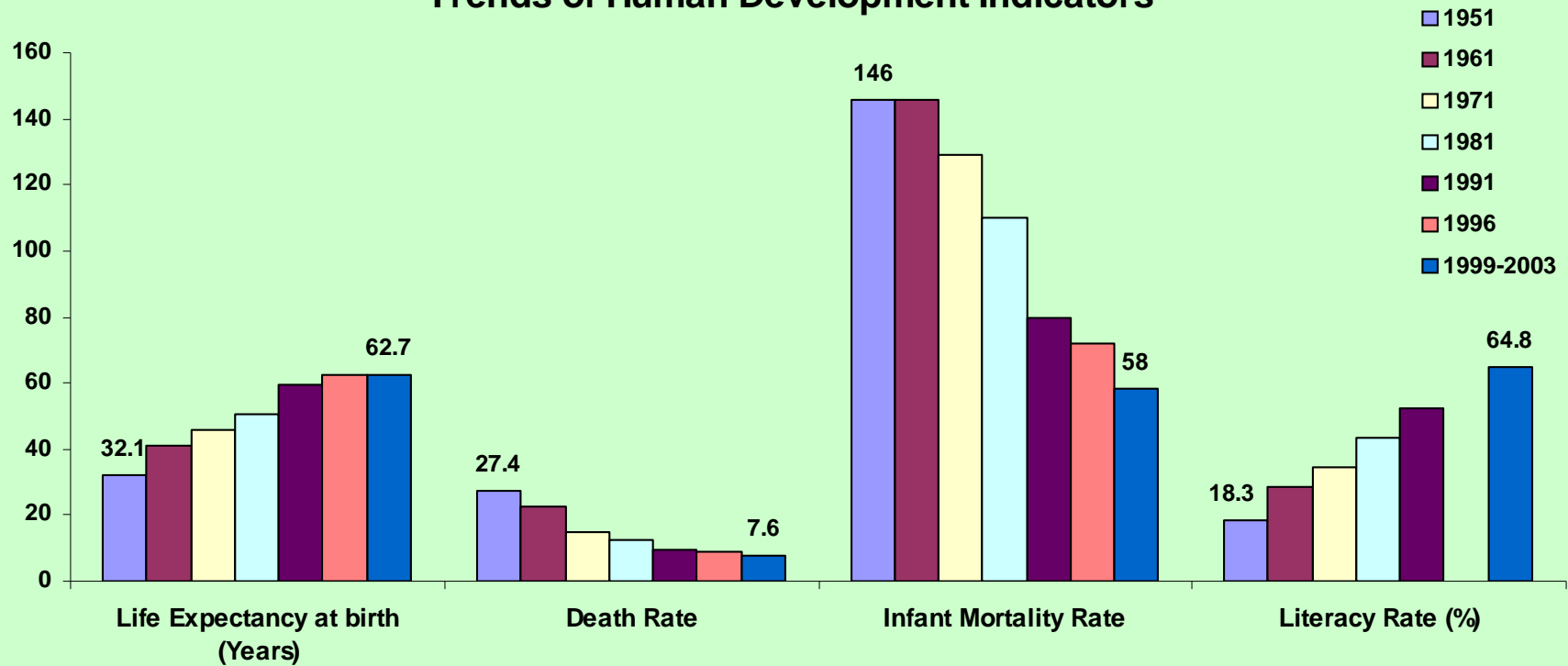
Weak Infrastructure



- Stimulate private entry
- Implement of integrated energy policy; coordinate between electricity, coal and gas; Capture overseas fuel supplies; efficiency improvements
- Open Electricity distribution and coal to private; educate public that costs must be paid for
- Roads-autonomous Regulator
- Overhaul Infrastructure regulation
- State ownership dominates-result high inefficiency, slow decision-making, corruption, delays
- Federal Constitution; states at loggerheads with Centre; need for improved coordination

Human Indicators: Trends: 1951 to 1999-2003

Trends of Human Development Indicators



HDI indicators



- HDI Rank Improving
 - But behind at, out of 174; Sri Lanka 89; China 96; Indonesia 110; India 124; Pakistan 148
- Must improve faster on all indicators; Need for more effort on social sector
- Right to Education, Skills Development: More schools, universities, etc; desperate shortage and poor quality fo faculty
- Employment Guarantee Scheme is improving wages
- Universal Access to Better Health Care; more health care centres and barefoot doctors
- **Urbanization**: 2001-27.8%; 2030-50%?
 - Raises new Issues: for Livelihoods, health, education, housing, water, oads, sanitation, social security, law and order
 - Urban populations better organized and more demanding; less traditional social differences

Issues in Economic Reform-Borrowings, Deficits, Inflation, Exchange value



- Deficits-improve efficiency of government expenditure; bring down interest rates to reduce government borrowing costs; tax collections to improve; computerization of tax collection, rate reduction, less multiple taxes (GST)
- FII's, foreign banks in 2008 withdrew funds to support liquidity in their HQ; revival of inflows now adding volatility
- India less trustful of foreign banks; more limited opportunity
- Stock markets very volatile because of FII flows; Mauritius funds;
- Rupee exchange value also therefore volatile; will fluctuate narrowly
- Overseas borrowings are marked to market-upset balance sheets of Indian companies and also
- P & L as interest costs are shown in Rupees
- Private sector now aggressively acquiring overseas fuel assets faster than public enterprises

Political Reform



- Local self-government-urban and rural
- Administrative reform
- Ministries and Departments
- Transparency, Consultation and reasoning
- Right to information (now in place)
- Strengthen Police; Add to judiciary
- Accountability

Defense Imperatives



- India has China, Pakistan as its surrogate, and a likely collapsed Afghanistan under Pakistan-China control
- Nepal-a failing state
- Bangladesh and Sri Lanka show positive signs
- Arab world-except for Turkey and Israel, others (leaving out UAE) are unstable states-Saudi, Egypt, Algeria,
- India has to protect its fuel supply sea lanes
- Principal competitor is China; India has been slow
- Protect sea lanes and land routes to central Asia; Afghanistan/Pakistan critical; Must have cold start defence capability
- Quick response capability
- Must have strong presence in U.N. and international agencies
- Decline of USA's power as it exits Afghanistan will leave region open to Chinese dominance with surrogate Pakistan and open central Asia to China influence

Poor Implementation- Lack of basic Administrative Reform



- Government has been very inefficient in its expenditures; more subsidies than asset building
- Similarly Public Distribution System-e.g. food grains, sugar, edible oils, cheap kerosene;
- Other subsidies poorly targeted, physical handling and inefficiencies-fertilizers, free or cheap power to agriculture;
- Social Programmes- NHRM, SSA-not efficient in spending honestly. NREG should have added to purchasing power but with estimates ranging from 40 % to 60% wasted and leakage, its effect has been reduced.
- Unspent funds in most programmes
- Infrastructure spending is also slow, eg., NHAI.
- Many projects delayed due too many Ministries, lack of coordination, non-accountability of bureaucracy

Administrative Reforms



- Development versus Revenue orientation
- Specialization versus Generalists
- Devolution of Authority
- Accountability
- Using Information Technology-Land Records, Taxation, etc
- Red Tape-too many approvals

Social programmes



- In last ten years we have, Rural Employment guarantee, Education for All, scholarships for minority and depressed castes, Food for All giving subsidized grains
- All have brought some prosperity to the rural poor
- We need a lot more and especially for tribals
- The Verrier Elwin approach of respect and basic support, infrastructure and sensitive officialdom

Education



- Many more schools, colleges, universities, higher and professional education, skills development
- Language skills
- Need for quality in education
- Millions more faculty at all levels and subjects
- Reform proposals in hand-foreign universities, single higher education and research regulator, vastly increased scholarships especially for poor, faculty development, etc

Public Health-urban and rural



- Safe drinking water
- Sanitation and toilets
- Reasonable housing
- Efficient cook stoves
- Solar lighting
- Primary Health Centres
- Immunization
- Referral hospitals
- Health insurance
- Pensions for aged, unemployed, single women

Energy



- Economic growth and Poverty reduction demand much more energy consumption
- It will use coal more than other sources
- Need for clean coal technologies
- Other cheaper R.E. technologies
- Energy Efficiency improvements
- Global push to less energy intensive lifestyles

A Superpower?



- Not in the foreseeable Future
- A Powerful Asian Economy
- Democracy with Free Media and Transparency
- Governance will become more responsive
- Strong Defense Capability