

Independence-Tunnel

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Long long ago, in a remote corner of this great country, where four wheelers had not set their wheels in, while celebrating the Independence Day in a rainy morning, an elderly primary school-teacher chided the jubilant crowd of teachers and school-children that India has won only political independence and that economic independence would take ages to come about. He also mentioned that India would really be independent only when it achieved economic independence. A small group of those present there, which included this poor soul, later on queried their teachers about economic and political independence and what they meant. The explanations the group got at that time, were either too scanty or they could not make any sense to that group.

It took almost four decades for this poor tormented soul to know that political and economic aspects of independence were quite different; as for the meaning of economic independence, this poor soul is still groping in the dark. This article is a trajectory of his journey of confusion.

Meaning

When India becomes economically independent, it would be strong and comfortable to handle all its economic matters. It would be able to buy whatever it needed; it would be able pay handsome wages to its working class; it shops and markets will have all the goods and merchandise that are there in the world; it would have adequate hospitals and doctors to take care of its sick; it would be giving aids and grants to the poor countries of the world; and so on.

In that scenario, the country's exports would be more than its imports and there would be a huge pile of forex reserves from which it would be giving Diwali and Christmas gifts to the poor countries of the world. [Imagine the scenario when Diwali would mean Global Gifts day!]. Indian Rupee would be a strong and stable currency unlike what we have witnessed in the last half-a-century. The exchange rate would be steady or steadily rising upwards; probably you would need less number of rupees to buy a Dollar or a Euro. These days we are used to liking a weak Rupee as it helps the exporters get more Rupees for every Dollar. For this reasons exporters do not like a strengthening of the Rupee. In the scenario we were talking about, exporters would not find such an undue advantage; they would have learned to live with strong Rupee [like the Japanese learned in the 70s and 80s] or would have perished without even a song!

The Broad Path

To reach this scenario the exports have to continuously exceed the imports. One method is to restrict the imports while encouraging the exports. This has been our consistent policy for long and we all know where we have landed. Another approach is to export without restricting imports; and try to achieve and maintain a net exports situation. This

is much more challenging. Decades back we sustained exports by selling basic and primary goods; and our imports included petro-products, technology, capital goods, industrial goods and consumer goods. Over the years we have been able to produce some of these indigenously. But petroleum continues to be an enigma. The domestic demand is increasing due to industrialization and development; but supply continues to lag behind. In an increasingly open and growing scenario our imports of technology, capital goods, industrial goods and consumer goods are bound to grow. So the challenge is to enhance the exports at a much increasing pace.

How can we do that sort of a miracle? The prospects of our exporting manufactured goods – airplanes, motor cars, two-wheelers etc in a big way does not seem to be very bright. Other countries have achieved better economies of scale, have been in the global market for longer periods of time and hence have created competitive advantage over us. But definitely we could emerge as parts supplier to these global manufacturers. This is already happening; we need to accelerate this process significantly.

More than the manufactured products we seem to have better prospects for services. We are already exporting software in a big way; this can be enhanced further. We have some competitive advantage in BPO – call centers, contract research etc. We need to explore this further. We can create world class hospitals and attract international patients. The recent experimentation through the British Insurance Association is an eye opener. We have the talented manpower and the cost advantages; what we lack is the infrastructure. This is an opportunity waiting to be tapped. Further we could propagate ayurvedic[read Indian medical systems] treatment and nurture health tourism. In fact there is definite sense in propagating the herbal system of healthcare since it is cleaner and eco friendly.

In the recent years we have located oil and gas at a number of locations. If these findings are real and if we are able to exploit them soon, our imports bill could be brought down significantly. This is another silver lining.

The Basic Triggers

For all these to happen the way we want, are there any basic factors that need to be nurtured? Our history in the last half-a-century gives some clue. Independent India [politically that is] started with literacy rate of about one-third. Over the five decades it has grown up to a bit less than 60 %. Some regions recording near 100 % while many others showing much less. The regions that achieved better literacy rates have achieved better economic growth, development and quality of life. In fact it is these regions that are ahead and leading the way for all knowledge exports: be it software, BPO or any other. The lesson is if you desire rapid development then focus on literacy. Have we not been doing this all along? We have been; but without commitment on the delivery mechanism. We need to explore newer and faster models; we need to involve all segments of the society, be it government, NGOs, corporate sector or any other.

The second step is the educational infrastructure. India has survived as a nation only because of its focus on learning. Today the significance of education has only increased further because of the emergence of the knowledge society. The future depends on our

ability in strengthening the knowledge infrastructure. In many parts of the country the K-infrastructure is woefully inadequate. The earlier we catch up on this, the earlier we achieve economic and social comforts.

The third step is women empowerment. Many of the evils and violence in the society can be traced to the weak and subordinate status of women in the society. Or rather women empowerment can be thought of as a preventive measure against many of the social evils. Literacy, education and meaningful employment to women should lead to enhancement of their status in the society and better say in all social and economic matters. This path is not all that easy; but it has to be traversed, may be traumatically, but triumphantly. In parts of the country this is becoming increasingly visible. It has to spread to every part of the country and very fast.

Tail piece

The prescription seems to be pretty easy. Managing may not. Illiteracy has taken 50 years to move from 68 % to 42 %; can we say the half-life-period of illiteracy is about 60 years? If it were so, it would take another 60 years to reach a literacy level of 83 %. That would be 2070! Thank God, things aren't that bad. The world has become more crowded and noisy, thanks to technology. The entropy of the Universe has increased tremendously. We might achieve the 83 % target in the next 20 years; may be even faster. To hell with the half-life theory!