

Huge Strides Made, But Still Long Way to Go

Keep focus on manufacturing, skill development, tourism, jobs and sustainable development

- Amitabh Kant*

We have seen democracy in action, as millions of Indians came together to choose their future, showing the true power of the people's voice. The people of India have spoken, We now have to get down to governance which drives India's growth but also transform the lives of Indian citizens.

The past decade has been transformative for India, marked by significant advancements in infrastructure, economic reforms, and digitisation. Fulfilling the basic needs of the people: building toilets, providing piped water connections, clean cooking fuel, electricity, and houses was high on the agenda. Large scale digitisation redefined and reimagined governance. Digital payments have become a way of life with billions of transactions each month. Economic reforms such as GST, IBC, and RERA, amongst others addressed long-standing inefficiencies in the economy. Massive investments in infrastructure have seen the cost of logistics come down. All these moves have set a foundation for sustained growth.

The challenge, but also opportunity is to sustain growth rates of 8% plus for the coming decades enhancing per capita income. And for such growth rates, we need investments to rise. While public investments in capex have been rising, it is private investment that must now drive and sustain India's growth story. To sustain these growth rates, we need investments to rise to ~ 32-35% of GDP (at current prices). Domestic investment rates, in turn, are financed by domestic savings, which also need to rise. As with consumption, savings are obviously a function of income. So, it is more growth oriented, and job creating policies we need.

Thrust on Job Creation: Scaling Manufacturing

We will have to move millions out of agriculture into manufacturing, for our per-capita incomes to rise. The remaining Production Linked Incentive (PLI) schemes must be operationalised at the earliest. The implementation of the labour laws must also be completed, with rules notified. States must then take the lead in implementing their own labour reforms. Textiles and garments with emphasis on technology upgradation in weaving and processing and end to end value chain creation in food processing are critical. Further reforms in ease of doing business, especially at the state level, can further boost India's manufacturing potential. India would require ten champion states to drive manufacturing and 10,000 manufacturing companies to become large and enhance size and scale.

Outcome Oriented Skill Development

These moves must be dovetailed with efforts towards skill development. An industry-led, outcome-oriented ecosystem must be created to increase relevance of courses and improve employability. Outcome based financing can be leveraged to upgrade vocational institutes. Converging efforts across various apprenticeship schemes should also be undertaken. Apprenticeships need to be scaled up in a big way and promoting degree apprenticeships is a solution. This would allow for industry designed courses, while providing students with valuable experience. While female labour force participation (LFPR) has been rising, ensuring that skilling programmes encompass women in sunrise sectors of growth is essential. Retooling vocational education, and upgrading ITIs are key areas for action. Digital skilling is another area.

Women and Youth as Entrepreneurs

Women and youth have to emerge as the drivers of Indian economy. Women and youth in rural and tribal areas continue to face legal, procedural, social and societal barriers as well as lack of access to capital and financial services. We need to facilitate, promote and incentivise access to markets including procurement, e-commerce, supply chains and new technologies. We also need to increase access to finance, collateral and capital for women and youth entrepreneurs. To fund women and youth owned businesses, a special fund can be created, say 5% of the G20 recommended Global Minimal Corporate Tax.

Cities as Drivers of Growth: Reforming Municipal Governance

Cities are the drivers of economic growth. With massive urbanisation predicted, we must ensure that our cities grow in a sustainable manner. New Delhi has the worst air quality of any national capital. 42/50 of the world's most polluted cities are in India. Bengaluru has been facing a water crisis. Indian cities have the potential to transform into cleaner, more efficient urban spaces with better municipal governance. The lessons from Indore and Surat illustrate that urban renewal is achievable. Municipalities must be transformed into engines of economic growth, innovation and cultural exchange in the next five years in a mission mode. With the effects of climate change going to get worse our cities must be made more resilient and cleaner.

Realising Tourism Potential

India's tourism potential has not yet been fully harnessed. With high growth and job creating potential, furthering tourism should be high on the agenda. Skill development in areas such as tour guides, drivers, food nutrition and hygiene,

wellness, and languages amongst others. Homestays can be incentivised to generate self-employment. Ensuring last mile connectivity of all tourist sites, along with their cleanliness are crucial. Cultural tourism is another area where India can be a global leader. With our rich cultural heritage and diversity, we must seek to position India as the global spiritual hub. India's heritage of wellness, ancient medicine, yoga, and meditation amongst others can be harnessed to develop India as the wellness tourism capital of the world. These experiences can be dovetailed with eco-tourism as well. With world class centres such as *Bharat Mandapam* and *Yashobhoomi*, India can further tap meetings, incentive, conference, and exhibitions (MICE) tourism.

Accelerating Research & Development

Integrating in global value chains will also require an increase in R&D expenditure. At present India's spending is below that of peer nations. Much of India's R&D takes place in the public sector, whereas globally it is private sector driven. In the interim budget of 2024, a Rs. 1 lakh crore fund for R&D expenditure was announced with a fifty year interest free loan. This fund needs to be operationalised by derisking innovation, managing scale efficiently and by crowding in private sector investment. This fund should also be used for Moonshots to drive not incremental but bold visionary leaps. Moonshots would set aggressive, nation building targets and accelerate technological change.

India is a lively and vibrant democracy. The Lok Sabha Elections of 2024 have been well contested. This is not merely India's decade but India's century. We have no time now to squander away. India must unlock its vast economic potential, unleash private investments and achieve sustained high growth rates in the coming decades. This alone will enable prosperity for all its citizens.

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