

Turning Crisis into Opportunity

-By Amitabh Kant*

Since the Trump Administration announced tariffs, global markets have been in turmoil. Volatility and uncertainty have spiked. Close to USD 6 trillion has been wiped from global markets. With the United States negotiating bilaterally, the multilateral trading system, where distinctions were made between developed, developing, and least developed countries, is being wiped away. The ongoing reshaping of globalisation gives us a massive opportunity. However, navigating these changes will require concerted policy action.

First, we must renew our thrust on ease of doing business. This will be a crucial step if we are to attract manufacturing and investment to India. Large-scale scrapping of rules and procedures and total business process reengineering must occur. Reforming land, building, and construction norms are key areas for action. Rules under the new Labour Codes must be notified at the earliest. The movement must be state-led. Avenues for rent-seeking must be eliminated. We must also address the issue of regulatory overreach. Our regulators must be modernised and act as developmental bodies, coming out of their 'command and control' mode of functioning. We need a mindset change in India – free enterprise must be promoted. Free enterprise will build the economy through investment, innovation, and job creation.

Second, we must liberalise the trade regime for critical inputs. In electronics, machinery, transport, and others, we impose higher tariffs than competitors, harming our manufacturing competitiveness. Adopting a free-trade regime for key industry inputs is essential. Non-tariff barriers (NTBs), particularly quality control orders (QCOs), have proliferated, making it costly for industries like textiles to source raw materials. Studies indicate QCOs have surged from hundreds to thousands, complicating foreign firms' ability to sell in India. We must eliminate these QCOs for critical inputs. Additionally, we should proactively sign trade agreements to protect interests and encourage investments in sectors like food processing, which can create lakhs of jobs.

For making this India's moment we must:

1. Deregulate & Deregulate- Make India the easiest place to do business in. Scrap all useless rules, regulations & procedures.
2. Our regulators must be modernised and act as developmental bodies, coming out of their 'command and control' mode of functioning.
3. Bring duties on Inputs & Components which go into manufacturing & exports to Zero level.
4. Scrap useless Quality Control Orders (QCOs)which have proliferated and are impacting inputs & components.
5. States must become active drivers of penetrating global markets.
6. Immediately implement Labour Laws which have been passed by Parliament.

Third, we must renew momentum in building our infrastructure. Large-scale projects like freight corridors and high-speed rail have seen cost and time overruns. These projects must be brought back on track, and private investment in infrastructure must be reignited. While public capex has stabilised at 3.5-4% of GDP in the past years, this must be further increased to 6%. The focus must be on building regional connectivity, such as regional transit systems and airports, and upgrading our ports.

Fourth, as we seek to move up the value chain, both in manufacturing and services, research and development (R&D) will be crucial. The Rs. 1 lakh crore R&D fund announced in the July 2024 Budget must be operationalised as soon as possible. The Deep Tech Fund of Funds, announced in the February 2025 Budget, must also be operationalised at the soonest. As with the technological revolutions in the past, we must not allow AI and these frontier technologies to be the monopolies of a few countries or companies. We need to drive investments in Deep Tech and clean tech, such as advanced cell chemistry (ACC) batteries, solar panels, and electrolyzers.

Finally, long-term plans for energy security must be set into motion now. While oil prices have not reacted adversely, geopolitical shocks almost always lead to energy price shocks, as we saw in February 2022. This is closely tied to R&D. Addressing energy storage and alternate fuels for hard-to-abate sectors will ensure our energy security in the long term.

We must also share our knowledge and experience with the world. India's development model, digital public infrastructure, and playbook on climate action, which have led to significant improvements in healthcare, education, and environmental sustainability, can be models for the Global South. This, in turn, will open up significant trading and investment opportunities for India and Indian companies.

The reshaping of globalisation, marked by shifting trade rules and emerging technologies, presents a massive opportunity for India. This realignment is not a threat—it is our moment.

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