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Sustainable Solutions for Indian Economy

Dr. Girish Jakhotiya

During last couple of years, we observed a considerable decline in China's dominance in the world economy. Many western economies started assessing India as China's replacement. This is for two reasons, viz. India's huge local market and her democracy. From the year 2000 to 2012, India showed a very promising growth in her GDP and for a few years it surpassed China too. Lately, the Indians settled in the USA have been promoting India on the global platform zealously. The blunder of demonetization and unprepared initiative of launching the single tax badly impacted the momentum of India's economic growth. The present recessionary environment in India badly exposed her structural socio-economic imbalances. If India's growth story should sustain, many structural reforms will have to be speedily and simultaneously carried out.

India, my country, is a complex combination of extreme good and extreme bad. The extreme good is India's family system and an omni-present emotional attachment. The extreme bad is its caste system, corruption and an excessive dependence on 'God'. India started losing its economic edge in the tenth century when it got into the act of self-imposed paralysis caused by the ugly caste system. It deteriorated fast from the 15th century when the outsiders invaded it brutally and exploited further. The overall socio-economic deterioration of India is visible through all types of corruption viz. economic, spiritual, social, political, educational, bureaucratic, cultural, entrepreneurial etc. There are rent-seekers in every field. On this dark background, the hope of 1.3 billion Indians is alive because 60% of its population is young and they want India to transform. The youth is focused about economics and its correlated initiatives like competency-building, technology and global networking. India being a very complex country, it requires multiple initiatives to be carried out simultaneously and speedily. The overall transformation of Indian economy will have to be conducted on the following four fronts, both collectively and individually:

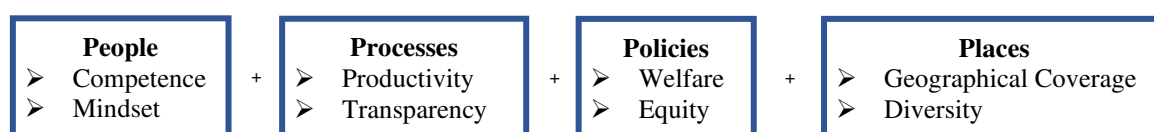


Figure 1

Following are the possible solutions for India's total reformation:

1. Eradication of corruption

In a country where the people do not enjoy any legitimate trust in the investigative agencies, eradication of corruption could be so much difficult. India's almost all administrative systems are corrupt. Hence, the eradication of corruption will have to be initiated from the top. Funding of elections, loan proposal clearances by bankers, licences & compliances, permissions for simple amenities, tax system, infrastructural development, police and other investigative agencies etc. need immediate and complete reform. These reforms very often face the religious, cultural, caste, linguistic and regional biases. The powerful people are rarely punished. Eradication of corruption will have to be a public movement. Exposing the corrupt people very often leads to harassment of anticorruption activists. One big prerequisite of eradication of corruption is public awareness. Many corrupt politicians, sportsmen etc. are worshipped like gods and goddesses in India.

2. Annihilation of the caste system

Caste system has prevented millions of Indians from doing the right things for their economic prosperity. The caste-division is so deep rooted that many a times, even the wise people surrender before it. The crux of this system is absence of scientific temperament i.e. rational thinking. Millions of 'untouchables' (i.e. lower caste people) are struggling for their daily livelihood. Even today, most of them do not have access to the modern amenities, education, basic jobs, civil security and growth opportunities. Many mediocre members of the upper-class communities occupy positions of governance, respect and social leadership. The laws are to be adequately and speedily enforced to practically establish social equity. Urbanisation has reduced the negative impact of caste system to a considerable extent. Yet, farmers in villages do not come together for cooperative economic reforms because they are divided into castes. Politicians want the castes to exist as each caste is a 'ballot bunch'.

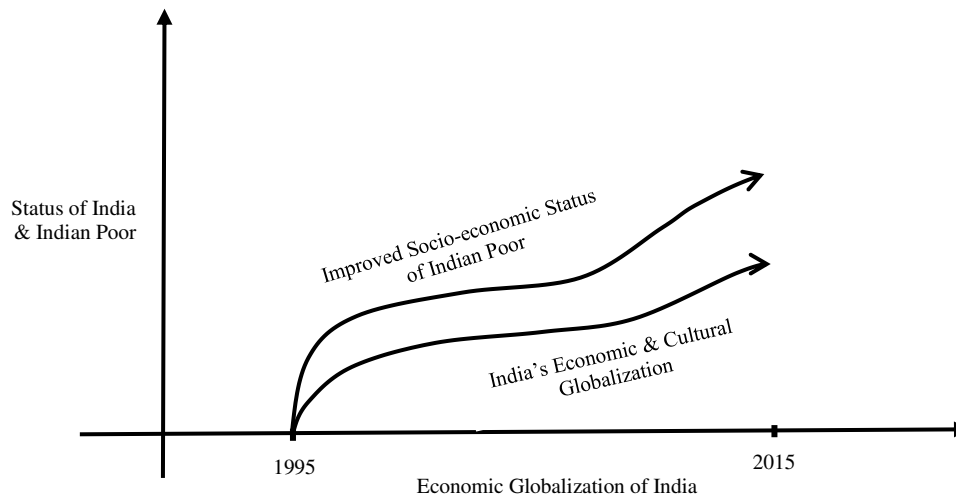


Figure 2

3. Total reform of the education system

Present college education system of India (except a few technical courses) is very theoretical and substandard. It does not really provide market-related competence. The curriculum, teachers' competence, infrastructure and the evaluating system are to be thoroughly reformed. India's engineering and management institutes are also mostly substandard. Good education is becoming very expensive as a result of rampant privatization. Schools and colleges run by the government lack quality in general. Almost 80% to 90% of present Ph.D. researches are mediocre. Brilliant students take good technical degrees and either go abroad or serve nontechnical jobs for fat pay-packages. Private educational institutions are mostly owned by corrupt politicians and business families. Therefore, Indian industry does not get skilled employees to its satisfaction.

4. Bureaucratic and governance-related reforms

'Make in India' i.e. making India an international centre of manufacturing requires clean and efficient bureaucracy. The Indian political class being mostly corrupt, the bureaucrats too are corrupt, hugely arrogant and absolutely inefficient. They stick to their godfathers in the system and survive. Bribing a bureaucrat is a common transaction in India. The businessmen robotically account for the 'cost of bribe' while costing their product. Of course, the ultimate victim is a common man. Accountability of the bureaucracy will have to be clearly and adequately defined. Remuneration will have to be linked to performance. Corrupt and inefficient bureaucrats will have to be punished through fast-track courts. Such cases will also have to be publicised so that corrupt bureaucrats do not enjoy undue respect from the innocent

people. Bureaucracy or governance audit will have to be made open for public participation and scrutiny. The ‘ombudsman’ system will have to be strengthened further. Institutions which represent common people as watch dogs will have to be reformed and their image will have to be improved. Investigative agencies will have to be freed from political interference. A good bureaucracy can certainly increase the rate of growth in India’s GDP by at least a percentage point.

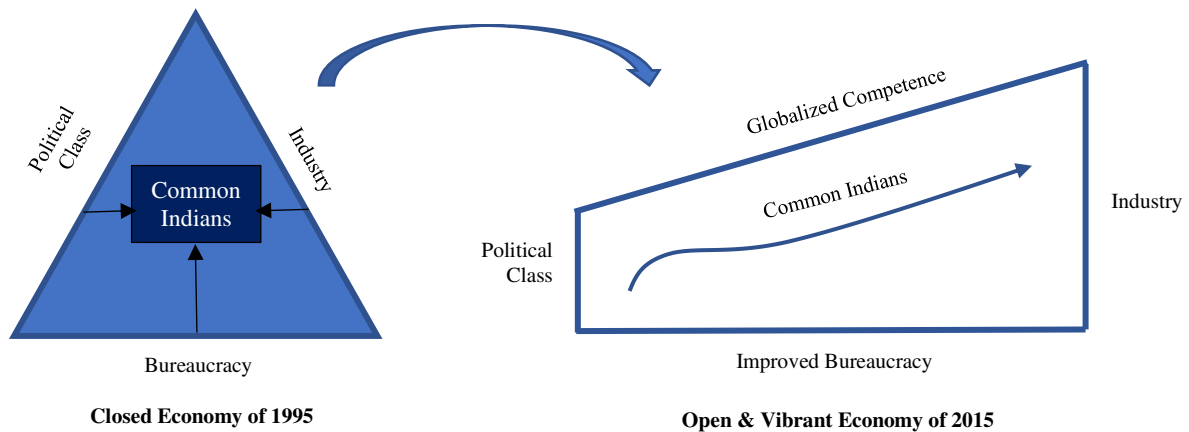


Figure 3

5. Taxation

Hardly 5% of Indians pay income tax. The small enterprises, doctors, architects, builders, public trusts escape the tax net or pay much lower taxes by not accounting their revenue fully. The income tax department and its associate agencies do not have a good image in the minds of common people. Collection of tax revenue will have to be substantially increased by expanding the tax net. The biggest priority is of rationalising the indirect tax. The Indian government has introduced one single tax i.e. Goods & Services Tax (GST). It will have to also assure the foreign investors about a consistency in its tax policy. On the other side, the tax revenue so collected will have to be wisely and honestly spent on right types of priorities.

6. Judiciary System

Overall law and order system in India is reasonably good, barring a few districts. The big challenge is of clearing crores of pending cases in the courts. The rate of closing a case amicably on time, is pathetic. Adequacy of judges, subjectivity in laws and efficiency of the investigative agencies are critical factors to be resolved. Political interference is another big obstacle in the judiciary system. *Justice delayed is justice denied*, a famous proverb is unfortunately applicable to the Indian judiciary system seriously. The serious impact is seen at the grassroot level. The poor people very often resort to informal channels of getting justice.

As a result, the rich and the powerful often manipulate the informal system. A widespread perception formed in India is, a poor does not get justice. Industrial arbitration system should be improvised further. Businessmen should respect the law and not fear about it.

7. Infrastructure

Most of the Indian infrastructure is poor compared to other developing countries like Indonesia, Malaysia, Brazil etc. One cannot simply compare Indian infrastructure with the Chinese on any parameters of quality, quantity, productivity, modernity etc. India must improve the quantum, quality and efficiency of its overall infrastructure. Such an improvisation can reasonably increase its rate of growth in the GDP by two percentage point. Of course, corruption in the funding and in the use of infrastructure is a serious issue. People participation in infrastructural investment and management is another important issue to be resolved. The PPP design of the projects is either mismanaged or it suffers from financial corruption. India must prioritise the building-up of transportation and storage facilities, medical treatment, cheap housing, affordable market place for the SMEs, primary and secondary education, child-care centres, water & energy distribution system etc. Next ten years should be rigorously devoted to infrastructure building.

<i>Table 1</i>					
Quality & Quantum of Infrastructure: An Asian Comparison					
Asian Country	Hard Infrastructure		Soft Infrastructure		Total Score (Out of 40)
	Quality (Out of 10)	Quantum (Out of 10)	Quality (Out of 10)	Quantum (Out of 10)	
China	8	9	8	9	34
Singapore	9	8	9	10	36
Taiwan	9	8	8	10	35
South Korea	8	9	8	9	34
Japan	9	10	9	8	36
Malaysia	7	8	7	7	29
Indonesia	7	6	6	6	25
India	5	5	6	5	21

Notes

1. The benchmarking is Asia-based.
2. Quantum of infrastructure is related to the requirement or size of each economy.

8. Water and energy management

Almost 80% of Indian agriculture depends on the monsoon. Therefore, the agricultural performance has been always uncertain. River water management, water conservation, water rationing and modern method of water usage are the urgent priorities. The central and state government must cooperate and coordinate in this matter. Rich, politically connected farmers take away disproportionately higher quota of water for their cash crops and posh colonies. Poor, innocent farmers and villagers normally remain at the mercy of the local politicians to get legitimate quantum of water. Excessive urban construction and negligence of forest management are also the reasons for reduction in the rain fall. Global warming has affected almost 20% of agro-output in India. Scarcity of energy is another big hurdle in India's growth journey. At least 50% of Indian states can environmentally work on solar energy as they enjoy longer spell of summer. India needs to innovatively finance the initial capital investment in solar plants. India should also explore shale gas with the technical support from the US. Political will and social management are must for exploring the sources of atomic energy. India can certainly think about atomic energy for the captive consumption by the industry. At least 20% of India's energy need should be met by atomic energy.

9. Agricultural reforms

During last two decades of globalization, India's agriculture has travelled through different favourable and unfavourable cycles. The impact of these cycles has been mostly negative. Indian politicians neglected agriculture seriously. A lot of reformation must be tried out in agricultural policies, processes and programs. The major reforms should be (i) large sized farming based on principles of cooperation (ii) increase in agri-productivity (iii) sustainable irrigation (iv) cheaper & better seeds, fertilizers and other anti-insect chemicals (v) cheaper and sustainable finance (vi) cheaper and all-time availability of logistic (vii) support businesses for better revenue generation (viii) comprehensive insurance (ix) social and cultural reforms (x) cost and output based pricing (xi) timely payment (xii) sustainable and affordable education for farmers' children (xiii) affordable housing and medical treatment. The list can be longer. It only shows how pathetic is the condition of Indian agriculture. Rich farmers should not get any subsidies, should pay tax at least on their incremental income, should not exploit the system, should not consume natural resources limitlessly, should not grab the land of small, poor farmers and must not influence government's policies to suit their own selfish agenda. Better managed agriculture will not only improve a farmer's condition but will also (i) generate new jobs (ii) boost agro-based industry & allied activities (iii) improve rural conditions,

infrastructure & purchasing power (iv) reduce pressure on cities and improve environmental balance (v) increase country's GDP etc.

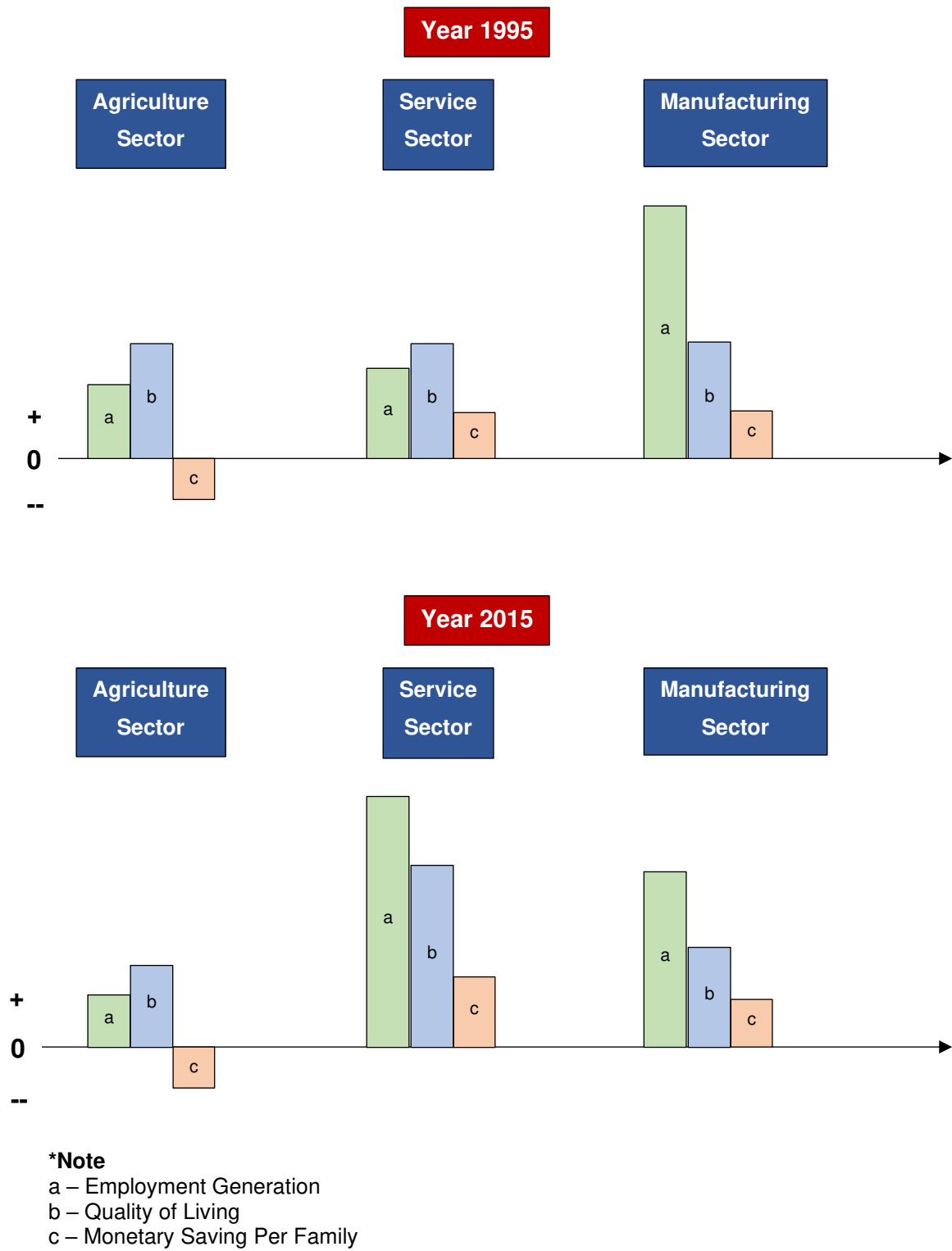


Figure 4

10. Tourism and textiles

India offers variety of tourist spots and textile products. These two sectors together can contribute 1% growth in India's GDP and add at least 8% to 10% new jobs to the economy. Tourism can boost hospitality industry, transportation business, construction business and other allied small businesses. It can also bring sizable foreign currency inflow which is essential for India's growing oil imports. Tourism can also support the construction of small medical facilities and would connect villages to cities. It can also support agriculture industry in terms of improved road transport and a gain of foreign customers for India's agri-based products. Even today, India's textile industry offers the highest number of jobs after the agriculture sector. But it is also in a pathetic condition. Its reforms should mainly include (i) better technology for weaving (ii) improved quality of cotton (iii) adequate and cheaper finance for textile SMEs, which generate ample jobs (iv) branding, pricing and better distribution of handmade textile products (v) cheaper insurance for the SMEs (vi) improved approach to designing, packing etc. (vii) innovative marketing to tap foreign markets (viii) connecting textile with tourism, agriculture and rural living (ix) branding and marketing of ethnic products (x) skill development of textile workers (xi) affordable housing and other basic amenities for textile workers (xii) better implementation of labour laws to improve the working conditions, insurance, wages, retirement benefits, retrenchment compensation for the textile workers (xiii) improved foreign direct investment in textile machines, logistic and branding (xiv) international and national exhibition centres, sourcing centres and designing centres (xv) sustainable and reasonably priced supply of cotton, dyeing chemicals, small equipment, premises and local transportation facilities. This list of textile reforms shows the disintegrated, pathetic condition of the textile industry. The unorganized textile workers are in deep trouble today. Even the small textile business firms are sickening fast on account of lack of capital and marketing support. On an average a textile SME creates four to five jobs and other 8 to 10 allied jobs through the extended value chain of vendors, small retailers etc. Like the small farmers, the textile SMEs should also come together with the innovative application of the cooperative principle so that they can conduct fund-raising, employee skill development, designing, research and development etc.

11. Empowering women

It is ironical that India claims to have a background of great heritage but Indian women (in general) do not enjoy equal status in society and in their family. Indian women can support their families economically. This has been amply proved by the women working in the informal

sector. Women can be better entrepreneurs or managers in the cottage and small industry as they can manage resources and people better. Women executives should be encouraged in the corporate world, banks and government. They must equally participate in the economic decision-making of their families. Many Indian women complete their graduation but do not get any opportunity to use their professional skills. Many outdated and wrong Indian customs and rituals put Indian women in a pathetic condition even today. Women from the rich and educated families too do not enjoy equal professional respect. A woman's work inside her house should be measured in commercial terms so that she gets respect. This measurement of her informal contribution to nation building is important for an appropriate accounting of country's GDP. Women's participation in the political process or governance will have to be substantially increased to clean-up the political system.

12. Promoting scientific temperament, free society and innovation

India lost its rhythm of economic growth ten centuries back when it forgot scientific temperament. Although it is a democratic country, people of India do not enjoy the real power to build-up their country. As mentioned earlier, the politicians, bureaucrats and crony capitalists killed most of the initiatives of building a free society. A society which suffers from false ideology cannot innovate new solutions and hence cannot prosper. Almost 99% of the inventions and innovations (which have improved the human life) have been conducted in the western countries (and a few in Japan, South Korea etc.). India needs a new, impartial, balanced outlook to welcome rational thinking. Indian youth, fortunately are now exposed to global changes and economic advancement of even the smaller countries. They now understand the importance of scientific research and its commercial advantage. They do not want to indulge in foolish, orthodox rituals which were stopping them from marching ahead. Yet these efforts are very inadequate, unorganized and not so sustainable. Indian companies, banks and academic institutions robotically copy their western counterparts for technological solutions. If India wants to take big steps forward and achieve sustainable growth, it will have to institutionalise its efforts of innovation and rational thinking. It will have to invest sincerely, conduct honestly and reward handsomely all the efforts of innovation. These efforts should pull out the 40% poor Indians from poverty line and offer them genuine opportunities of growth. It should also improve its institutional framework for protecting the intellectual property rights so that foreign technology could be invited. India, for the funding of innovation, can certainly collaborate with countries like Japan.

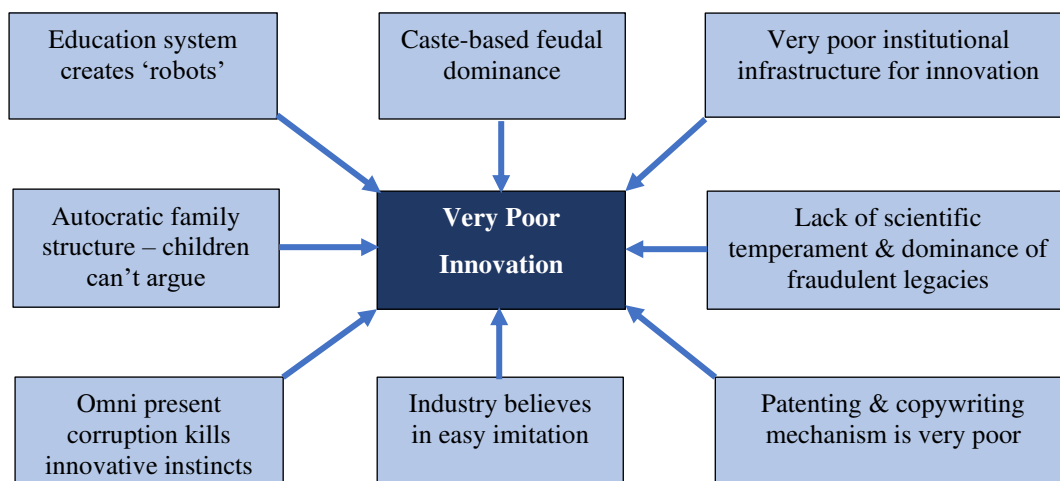


Figure 5

13. Creating jobs

India requires to create ten million jobs every year because 60% of its population is young. It can certainly be an attractive alternative for China, as an international manufacturing hub. India's cost advantage (in terms of wages and overheads) will have to be substantially supported by suitable skill-sets to be possessed by the Indian workers. India can create new jobs by (i) promoting the small and medium enterprises (ii) fulfilling the work-force requirement of the Gulf countries (iii) sending engineers to Japan to accelerate Japanese rate of economic growth (iv) expanding the service sector, especially travel and tourism (v) consolidating and expanding the agriculture sector and agro-based industry (vi) creating world-class facilities for the outsourced jobs to be conducted for the foreign companies (vii) supporting countries like Canada by providing systemic labourers (viii) balancing between the use of technology and labour (ix) gaining low-skilled jobs from China, South Korea, Europe etc. (x) expanding the value-chains of public sector enterprises. While creating new jobs, India will have to keep in mind the danger of unproductive or non-value adding jobs, high cost of wages, productivity & result orientation and cultural & role flexibility etc. Job creation would primarily depend on attracting new investment in the economy. This would obviously require good infrastructure, employee competency and ease of conducting business. India will have to substantially reform its laws and bureaucratic system to improve the 'ease of doing business'. Job creation would ultimately depend on economic activism, for which India will have to tackle these issues speedily, simultaneously, innovatively and rigorously.

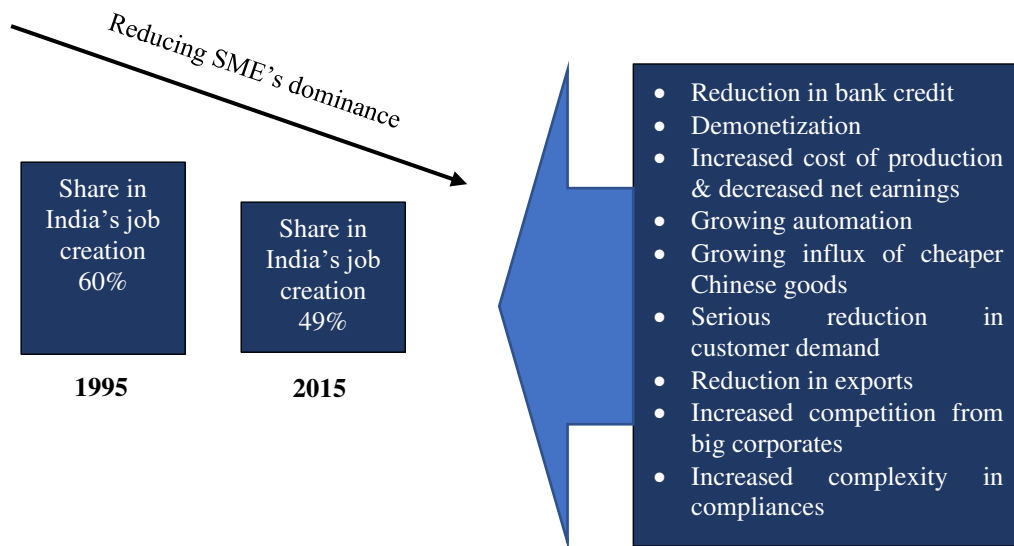


Figure 6

14. Minorities and reforms

India has got Muslims equal to around 20% of its total population. Almost 80% of Muslims are lower-middle class wage earners with restricted skill-sets and low literacy. Those Muslims who put themselves in the main national stream of socio-economic activism, are enjoying reasonable economic prosperity and social respect. Muslims will have to reform so that they would open for themselves many doors of opportunities and work closely with the Hindu majority. The other minorities like Jains, Buddhists, Sikh, Parsi, Jews, Christians etc. are socio-economically doing well. They are very much a part of the main stream of development. This is obviously because these minorities have reformed themselves with changing times. Muslims in India (and also elsewhere) should (i) accept and practice scientific temperaments in all walks of life and not just selectively (ii) educate and liberate women by offering them equal status and opportunity (iii) respect the emotions of the majority community (iv) not mix religion with politics and religion with economics i.e. should respect and practice the principles of equity & equality prescribed in the nation's constitution (v) balance between culture & religion (vi) improve their professional skill-sets for better jobs. The Indian government too (without any religious bias) support the 'reformist' Muslims and not use them as a vote bank. The funds provided for the upliftment of Muslim women are very inadequate and not properly used. The upliftment model of Bangladesh's Grameen Bank can be adopted for empowering Muslim women. The private manufacturing and service sectors should employ more Muslims so that the entire Muslim community gets a positive message. Indian Muslims should follow 'Sufism' and not 'Salafism'.

15. Fiscal Multipliers

India needs to use the fiscal multipliers more judiciously and strategically. The use of these multipliers should be (i) transparent (ii) without any pressure from the crony capitalists (iii) focused on the disadvantaged communities and weak business enterprises & industries (iv) invested more in long-term sustainability & less in adhoc measures and (v) used most productively by applying the best systemic solutions. Almost 40% of Indians are fighting for survival even today. If they are to be lifted out of their present pathetic condition, the fiscal multipliers will have to be innovatively designed for them and should reach them. The effective use of these multipliers will have to be monitored and measured by using the nation's comprehensive progress indicators and the indicators of the versatile development of the poor. India should avoid the use of fiscal multipliers to (i) bail out the corrupt private & public enterprises (ii) support those commodities & services which are consumed only by the rich (iii) bail out the sick banks regularly which didn't perform prudently as per the banking norms (iv) support those enterprises which do not use local substitutes and import unnecessarily (v) support corrupt or undisciplined enterprises run by the politicians, bureaucrats, retired army men etc. India will have to maintain a careful balance between fiscal deficit and rate of inflation. It has suffered heavily from 'cost-push inflation' for almost five decades. The use of fiscal multipliers will have to be more concentrated on infrastructure, creation of new jobs and upliftment of the poor. Without these three important performances, India's economic growth will not be sustainable and India may head towards social disintegration.

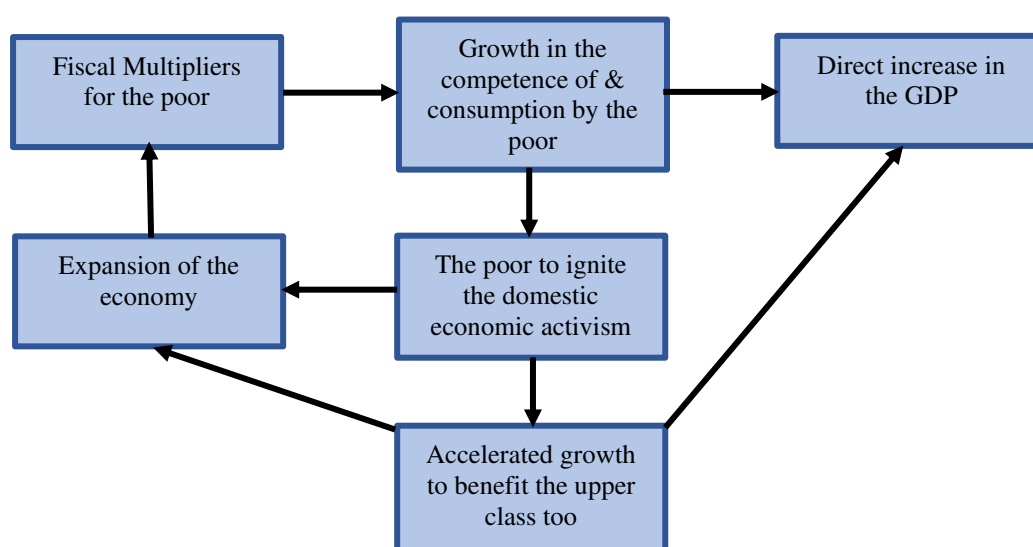


Figure 7

16. Population control

One of the most critical challenges for India is its 'population explosion'. Whatever growth India achieves, gets defeated by its ever-growing population. India will have to control this explosion by (i) compelling people through fiscal, economic, job-related advantages and penalties (ii) education (iii) avoiding the use of a community as a vote bank iv) achieving religious and cultural harmony (v) exposing people to the developed economies through electronic media. India will have to chalk-out a definite, time-bound program to arrest the rate of growth in population. It is an obvious fact that communities which indulge in economic programs more actively, restrict their population growth. Hence, the down-trodden communities will have to be offered many innovative and progressive economic programs. Women from these communities will have to be speedily educated about economic progress. Women empowerment is a very effective tool to restrict the growth in population. The central government of India (with the assistance from the non-profit organizations) should convince the innocent people from the most populous states about their socio-economic backwardness. The corrupt and orthodox politicians of these populous, poor states will have to be exposed systematically so that people would understand the need for controlling population growth.

17. Banking and transactional reforms:

A very small portion of India's population is connected with banks for everyday transactions. Almost 95% of transactions are done for cash. India has got good number of banks and their branch network, but without good and affordable technology. Average employee productivity of the banks is also not good. Almost, 80% of business financing is done with kickbacks. Political interference in the government-owned and cooperative banks is of serious quantum. Small entrepreneurs, farmers and service providers do not enjoy adequate credit and transactional support from banks. Even most of the big transactions (e.g. purchase of property, vehicles, furniture) are done partly on cash basis, causing a lot of generation of black money. Almost 20% of Indian GDP goes unrecorded or under recorded. Execution of tax and other laws is very poor as the bureaucracy and politicians are highly corrupt. This can be curtailed considerably if online transactions are made compulsory and are well facilitated. Transparency in government and business can easily increase the rate of growth in GDP by a one percentage point, income of the poor by 10 % to 15% and increase in the government's revenue by around 20% to 25%. Banking can improve India's transactional productivity by at least 20%. This can improve the ease of doing business considerably. A lot of idle capital can come into the system if 'banking culture' is improved. Of course, India will have to avoid the serious mistakes and

frauds committed in the developed countries through the banking channels. Over-banking, excess credit acceleration, fraudulent & notional derivatives, kickbacks, promotion of consumerism, substandard quality of lending, fictitious & excessive securitisation, over-valuation of mortgages, bailing out of wrong banks using public money etc. are the commonly found evils of banking in the developed countries. Wrong reporting of a bank's top and bottom line (to suit the shareholders and top executives of these banks) will have to be cautiously avoided. Rich countries like the USA, Germany, Japan and France could not really bear the burden of corrupt and sick banks. For a poor country like India, such banks would cause a disaster. (Already most of the nationalised banks in India reported a huge quantum of NPA i.e. No Productive Assets, which would severely impact India's fiscal balance in next 3 to 5 years.) India must focus on the financing of SMEs, farmers and cottage industry, which are the backbone of the economy. The financing for these value creators should be easy, ample, timely, transparent and affordable. India's culture requires a genuine combination of the corporate entrepreneurship and cooperative ownership. It is funny that Indian cooperative banks have to obey two masters at a time viz. the department of cooperative societies' registrar and the central bank. This has created confusion in both, bank monitoring and reporting. Sound cooperative banks do not enjoy the complete business freedom and hence cannot attract good customers. It is also funny that most of the executives in the central bank do not possess operational experience of commercial banking. Hence, they regulate the banks more as auditors and less as facilitators or mentors.

18. Investment avenues for the middle-class and lower middle-class investors

India needs investible products for its people with prominent features such as (i) simple to understand and invest (ii) rate of return higher than the rate of inflation (i.e. good real rate of return) (iii) safety of investment, mostly assured by the government or quasi-government organization (iv) small unit size (v) easily liquidable as & when required (vi) free of any complex taxes, conversion conditions etc. Financial literacy in India is pretty low. Even the well-educated corporate executives are not well aware of systematic investment planning. Indian stock markets and mutual funds are understood by mere 5% of Indian investors. India's bond market is not well developed. Indian SMEs badly require a separate efficient capital market (both, equity and bond) for their small investors. Insider trading is an unregulated activity in India. Quality of corporate governance (especially performance reporting) in India is not good. Hence, small investors shy away from the stock markets. Investors, traditionally, prefer to invest in gold and that has locked up huge capital which could be otherwise used

productively. Mutual funds for the small investors are not very active for want of reasonable returns. Most of the stocks from the market are overvalued and the performance of the market is excessively impacted by foreign investment institutions. A small increase in interest rate announced by the American Federal, negatively impacts the Indian stock markets. On account of inadequate number of genuine listed companies, a small quantum of stocks is chased by too many investors. This results in unproductive block-up Indian savings. India is a country of divert types of investors, whose needs too are different. Therefore, compelling Indian investors to follow the ‘rules of game’ played in the capital markets of the rich countries would be wrong. Indian investors are divided by size of investible funds, culture, literacy, age, geographical areas, expectations, castes, religions, languages etc. Hence, a few standard investible products won’t suit India. The Indian government and its capital market advisors and operators will have to think about large variety of products, make them available conveniently and monitor them cautiously. Indian investors are keen to join the global capital markets as long they get investible products of their choice.

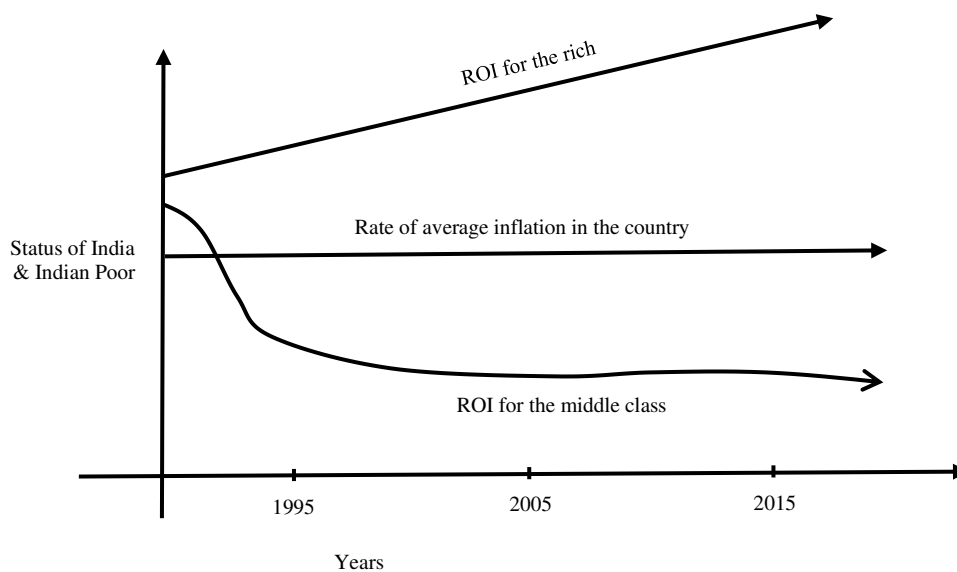


Figure 8

19. Regional cooperation and leadership

India being a ‘big brother’ in South Asia, has certainly got some responsibilities and privileges. SAARC needs India’s leadership, which can boost regional economic cooperation and improve South Asia’s share in the global market. Such cooperation should reduce the military rivalry between India and Pakistan. If these two countries can decide to reduce their military budgets, they can spend a lot on their real priorities of infrastructure and poverty elimination. Under India’s leadership, the South Asian region can productively work on (i) regional development fund (ii) research & development (iii) substantial commodity trade at preferred prices (iv) job creation through competency development (v) resistance to China’s hegemony (vi) better water, soil, logistic management and (vii) better capital flow management. India’s young population, engineering expertise, democratic institutions, sound judicial & banking system etc. should be the ‘factors of encouragement’ for the other neighbouring countries. If India can help these neighbours to build-up their systems and institutions, a new powerful South Asia can emerge. A strong South Asia can very well connect to the South East, Far East and Middle East countries for further socio-economic cooperation. India being the birth place of Buddhism and a vibrant centre of Asian values, can contribute much more to (i) the consolidation of Asian cooperation and coexistence (ii) resisting the undue political ambitions of the expansionist China (iii) productive use of Japan’s idle funds (iv) smooth management of Asian migrants (which can help a country like Japan that faces ageing population) (v) the participation in WTO to enhance Asian share in global trade and (vi) productive use of Asian efforts of technological research. Under Indian and Japanese leadership, the Asian Continent can develop good long-term oil procurement contracts with the oil producing countries.

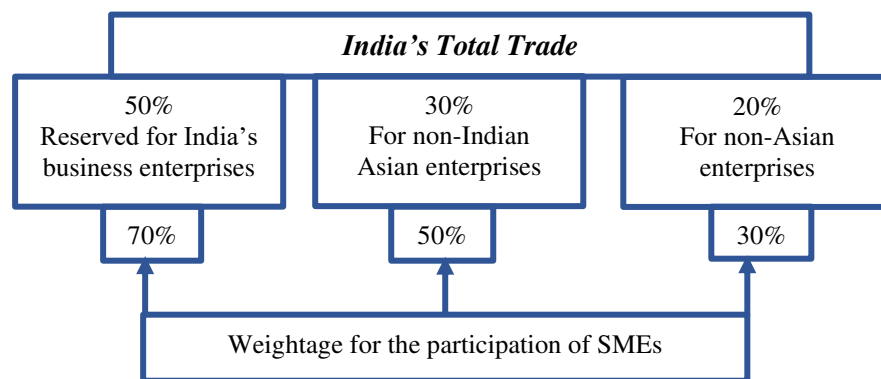


Figure 9

20. India's initiatives for promoting the WIISEEG

When the entire globe is fast heading towards socio-economic collapse, we need a powerful global institution like WIISEEG (World Institution for Inclusive, Sustainable & Equitable Economic Growth). WIISEEG should replace WTO, IMF and the World Bank. Trade, finance, technology, competencies, structural building etc. cannot work in isolation. They are to be integrated through a neatly designed institution, which bothers equally for all the member countries. India can very well represent the poor countries economically and the developed countries democratically. India being an emerging economy, a young country and a technological hub, can certainly play a key role in building-up WIISEEG. In the initial stages, this new institution will have to concentrate on structural reforms of the global economy and then gradually replace the present institutes.

India can certainly prove to be an engine of global growth and change if it pragmatically prioritises its needs, cleans-up its systems and improve productivity in all its sectors.

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