

Unlocking India's Potential

We can transform the country, eradicating poverty and unemployment, if we make the right moves

Anil Agarwal



The United States of the early to mid-1900s has some striking parallels with the India of today. It was around this time that America began its journey towards becoming the world's largest economy.

The biggest factors that propelled the growth and transformation of the US were technology, natural resources, manufacturing and private enterprise; a few men who dreamt big helped create the modern America. Andrew Carnegie, John Rockefeller, Cornelius Vanderbilt, J P Morgan and Henry Ford with their entrepreneurial spirit and innovative approach built businesses that helped make the transition to the modern industrial era. They laid the foundations of the American steel industry, oil and gas, natural resources and mining, manufacturing, finance and infrastructure building including roads, rail and ports.

All the five men were also great philanthropists who donated most of their wealth for the larger benefit of society. These were used to set up large universities, hospitals, museums, art and culture centres, libraries and charities. The universities also contributed as powerful research centres and acted as think tanks in areas of technology, material and space research, liberal arts and political science. Moreover, they helped develop political, business and other leaders. These created large employment opportunities and also spawned entrepreneurship.

From a societal perspective, there were issues similar to India; poverty, environmental challenges, corruption and crime. It took a set of progressive presidents from Roosevelt to Eisenhower to put in place policies that encouraged private entrepreneurship, better governance, government spending and social security. This led to the gradual rise of the American superpower.

America's growth journey has some lessons for India. Both are large vibrant democracies with abundant natural resources. While America benefited from a large flow of immigrants in search of the American dream, India has a large population in the working age

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group. More importantly, like the US, India has people with entrepreneurial spirit who can visualise a new India and unleash its potential.

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Our current import bill is \$485



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billion, most of which is for our consumption needs like gold, oil and gas, fertilisers and defence equipment. We have the potential and capacity to substantially reduce this huge foreign exchange outgo. It could be made mandatory to have 50% of defence equipment manufactured within the country. Similarly, we could stop imports of phosphate-based fertilisers as they can be easily produced domestically.

Gold presents an interesting opportunity. Privatisation of our gold and other assets including large reserves of tailings (which are any way on the verge of closure) through a transparent auction process on revenue-sharing basis would be a good way forward, while ensuring that privatisation does not adversely impact existing employees.

India's energy security is paramount. We can domestically produce most of our hydrocarbon and coal requirement. The develop-

ment and production of the assets can be through joint ventures to source the best global technology as well as foreign investments. This could lead to the creation of 10 to 20 large energy companies and ensure that we meet at least 50% of our oil and gas consumption from our own resources. In the process, it would create a win-win situation wherein India would ensure its energy security while foreign companies could deploy their capital and technology and get best returns.

We should, however, be mindful that any auction, sale or divestment process be completely open and transparent. Both public and private sectors should be allowed to bid to ensure competition, a level playing field and the best financial outcome.

The Indian auto industry is a good example of a sector where opening up led to an automobile revolution. This can be replicated in the natural resources sector and

in the manufacturing sector leading to mass employment, eradicating poverty and gainfully utilising our biggest resource – our population of 1.2 billion.

Tourism continues to be one of India's most unsold and under-rated assets. We attract just six million tourists annually compared to the 60 million who visit China. An all-round effort to develop tourism by building infrastructure and better marketing would lead to large-scale employment and foreign exchange earnings – a welcome addition to our GDP.

We also need to simplify and unify our regulatory and approval process across the board by reducing at least 80% of our processes as well as clearance time. This can be done using technology, automation and simpler policies and rules. A simplified regulatory and approval process could be a good enabler to get the best out of our bureaucracy.

Our taxation framework is already amongst the best in the world, including for attracting foreign capital. Taxes need not be increased if we grow alternate sources of revenues through development of our natural resources.

The world is looking at India as the next destination after China. Some of the biggest advantages that India has are its vibrant democracy, a vigilant media and an excellent legal framework. These are some of the factors that also enabled America to emerge as an economic powerhouse. India can follow suit as long as all stakeholders have the will and commitment.

The writer is chairman of the Vedanta Group.