

A RISING INDIA, IN WALTZ DANCE STEPS WITH THE U.S.

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'India needs to give up its non-alignment hang-ups of the past and measure each situation on its merit and national interest' | Photo Credit: PTI

India and America are BFF (best friends forever), and each needs the other more than ever before today, united by powerful mutual interests. India took 63 years to reach \$1 trillion GDP, seven years to hit \$2 trillion, three years to hit \$3 trillion, and is estimated to reach \$25 trillion by 2047 (according to PricewaterhouseCoopers), 100 years after Independence.

In 1700, India accounted for over 35% of global GDP, making it the world's biggest, and by the time of the economic crises in 1991, it was down to almost 1%. Today, it is at around 4%-5% and rising. The United States needs this market desperately, and India needs America's capital and its technology — military and non-military, both.

By 2030, India will have a working population of one billion, which is more than the entire G-8 population; today, it has Internet coverage almost equal to it. As recently as eight years ago, India's per capita mobile data consumption was one of the lowest in the world (122nd), and today it is ranked at one, more than that of the U.S. and China combined, which is helping take prosperity to every nook and corner of India.

Let us look at the infrastructure story, which is a significant success, and its multiplier effects — benefits will reverberate in the next five to 10 years for these are long-gestation projects. Infrastructure spend has shot up, while fiscal prudence has been maintained. Fiscal expansion and yet fiscal prudence are a very tough act to pull off and the Finance Ministry has done well. Let us take the example of how a combination of carbon tax on fuel coupled with a coal cess and an infrastructure development cess, found enough savings to fund at least a part of the rail, roads and ports expansion. It was "green", for the infrastructure being built was green-friendly and the tax was on non-green items. The fuel subsidy has come down from about 50,000 crore in 2015 to just 7,000 crore now. And if extrapolated on a rising GDP, then the savings would be of the order of \$9-\$10 billion.

What is often scarcely appreciated is that even a mere listing of a project on PRAGATI, or Pro-Active Governance and Timely Implementation (the monthly review of every Union, State government stakeholder by the Prime Minister) makes officials issue long-pending government orders or clearances, and generally positively smoothens the system to 'debottleneck'

infrastructure. A lot of preparation goes behind each PRAGATI review, across departments and States, to ensure that there are decisions (and not dilly-dallying), which is what is making infrastructure delivery happen. Alongside it, GatiShakti, a Geospatial Information Systems overlayer powerful tool prevents unnecessary and random cutting of roads and forests, saving time and resources.

Further, for the first time, the private sector was allowed into commercial coal mining, leading to Odisha, West Bengal and Chhattisgarh, all non National Democratic Alliance States, reaping huge rewards. While no new oil exploration contracts were awarded between 2010-17, by 2023-end, five lakh square kilometres will be under exploration contracts.

Money for megainfrastructure spend was also made possible due to another unspoken reform of the Public Financial Management System. It is a centralised transaction system to improve the transparency, accountability, and efficiency in government financial spending and to plug waste and leakages. It has driven what was often considered impossible to do — a centralised core database integration of different platforms with banks, thereby enabling direct payments to beneficiaries, reducing time and cost while enhancing efficiency. To date, about 1,200 million beneficiaries, and 592 banks covering over 12,000 central and State government schemes have done over 6,000 million transactions with a transaction value of \$1.64 trillion.

Likewise, while impressive progress has been made on road construction across India, what is not much talked about is the Parivahan system, which is a one-stop system for transport across 1,400 transport offices, enabling leakage proof revenue collection of 4,000 billion through the registration of about 350 million vehicles and 150 million licences.

India gets \$100 billion in remittances and at around 20 million, is a tad less than the overall global migrant population of about 280 million, who are influential and now extremely proud and confident on the global stage. Earlier, India would stand as one among the 195 countries of the world at any global gathering, but, today, it stands shoulder to shoulder with the G-8, as an equal.

India's global rise is largely because of the Prime Minister's personal outreach and ability to build strategic friendships with world leaders, quickly and with mutual value. To add to this, one has External Affairs Minister S. Jaishankar's astute understanding and articulation of India's position on global stages. He addressed a closed door meeting of a major global management consultancy firm in the United States, faced tough questions and answered them with ease.

India needs to give up its non-alignment hang-ups of the past and measure each situation on its merit and national interest, like it did with Russian oil. India got oil at a competitive price and did the deal, refined, and sold a "Made in India" product back to the Europeans. This was the kind of deal which would do any global private equity fund proud — whatever hypocritical lens the world may want to view it through.

Indeed, a lot remains to be done. India needs greater digitalisation of internal processes and better services delivery using India Stack, revive stalled agriculture reforms, build up supply chain capability and move manufacturing to India as companies look for other homes outside China, and carry out deeper judicial reforms, to name a few. India has a \$290 billion balance of trade deficit (9% of GDP and two times of its pre-COVID-19 highs); almost 50% of India is still stuck in agriculture and manufacturing remains stuck at 14%-15% of GDP. U.S. capital and technology can help in many of these areas. As India completes 75 years of Independence, it cannot be stuck in 'Ambassador car' defence technology and needs critical U.S. help to modernise and build its own capabilities too.

Both the Republicans and Democrats see India as a valued civilisational ally and a strategic partner over many years, and an astonishing waltz is on. This is reflected in the fact that after Winston Churchill and Nelson Mandela, Narendra Modi becomes the only major world leader to address their U.S. Congress, twice. That is not an easy recognition which America bestows, and they are certainly not bhakts.

India and the U.S. are friends, but not allies (and Pakistan is an ally, not a friend), Stephen Cohen often said. The journey from friendship to ally is a short one and needs to be walked by both sides, here and now. Why not start with an easy win? The U.S. allows the completion of immigration formalities in 15 locations worldwide including Abu Dhabi. As visa issues will be on the table this time, why not include Bengaluru, Mumbai and Delhi to this list, which will make travel so much easier for the average citizen?

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