

# PROPELLING INDIA'S DEVELOPMENT THE RIGHT WAY

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'India must redouble efforts to make economic growth more inclusive and broad-based' | Photo Credit: The Hindu

'Aim for the moon' is a byword for any venture marked by extreme ambition bordering on the foolhardy. When India started space research in the 1960s, many thought it was being reckless: a struggling, young nation sinking some of its limited resources in a highly uncertain enterprise. Today, however, even the last of the naysayers must be convinced. In a matter of a few days, India became the first nation to land a rover on the south pole of the moon, followed up with a mission to study the sun. Yet, this is also the moment to revisit a nagging concern. How do such stellar achievements stand alongside the persistence of poverty and destitution for millions of Indians?

Even before the government set up the Indian Space Research Organization in 1969, the country was having a significant research programme in space science. It was then coordinated by the Department of Atomic Energy, which itself had been founded in the early 1950s. These were certainly not isolated initiatives. Between 1951 and 1961, India established five Indian Institutes of Technology, which in no time grew into globally respected academic centres. The first two Indian Institutes of Management were inaugurated in 1961. During the two decades of the 1950s and 1960s, a number of public sector units were established in diverse areas of industrial production that included steel, fertilizer, machine tools, electric machinery, drug production, and petrochemicals.

Taken together, these public investments show that India was determined to become a serious player in advanced technologies of the time despite the multifold challenges facing the young nation. New technologies, it was believed, would quicken the pace of development of the country, which had suffered from two centuries of colonialism. Vikram Sarabhai, the leader of India's space programme, had envisioned — this was in the early 1960s — that satellites could be used for building a nationwide telephone system and for providing agricultural and health education. In fact the momentous steps India had taken in the decades immediately after Independence may be characterised as a 'moonshot' approach to development — deploying modern industrialisation to shake off the ills of the past.

However, India's moonshot development strategy was only partially successful. It has also been the subject of much criticism from certain quarters, over the years. One was for its heavy reliance on public investment. Two, the investments were being 'misdirected', according to some

economists. Being a labour surplus country, they argue, India should have stuck to its comparative advantages in labour-intensive industries, such as garments or footwear, rather than squandering the country's scarce savings in capital- and technology-intensive industries.

But the time needed for a new technology to come to fruition is too long, and the initial effort required is too steep, that it is unlikely to expect a private player to lead the moves to acquire it. There have been many misses for India's space mission, especially in the initial decades. A key factor behind the programme's eventual success has been public funding, which did not waver for lack of short-term commercial viability. It is not only that the benefits from a technology are long in coming, but they are also difficult to be kept exclusive for private profiteering. Consider, for instance, the Internet. It is precisely because of the 'public good' nature of technologies that public sector support becomes crucial for developing them. Needless to say, the Internet emerged from a research programme funded by the United States government, with military objectives, in the late 1950s.

In India, the technological capabilities built through state support provided the base for the flourishing of private enterprise in many sectors, including pharmaceuticals, information technology, and the space sector too (more of it likely in the years ahead). Professionals, who were earlier trained in India's public universities, have found leadership positions globally, which has deepened India's strategic importance.

The lacklustre record for India's development strategy then was not on account of the government doing too much in the area of technology building. But, on the contrary, it was because the state or the government could not intervene effectively to reduce inequalities or ensure social development. Independent India did not implement a successful programme of land redistribution. Ownership of assets continues to be very low among the socially oppressed communities, including Dalits or the Scheduled Caste (SC) population. For the downtrodden, disadvantages due to the lack of assets translate into hurdles in acquiring education, given that India has consistently underinvested in basic education for the masses. As a result, the historically determined inequalities in the social spheres get replicated in the labour market, with the better-paying jobs going more to the privileged groups who have had greater access to higher education. In 2021-22, 38.2% of all SC workers were 'casual', earning their livelihoods mostly out of hard manual labour; the corresponding proportion was 11.2% for workers belonging to the ('other') general category castes (Periodic Labour Force Survey data). The contrast with the East Asian countries, including Japan and China, is notable. There, by the 1950s itself, land reforms and other measures had created a relatively egalitarian social structure, which formed the basis for the progressive economic and social changes in the later years.

The persistence of inequalities has negatively impacted industrial and economic growth in India. Domestic demand has been lopsided, coming as it does largely from the upper income classes, who constitute only a small, though substantial in absolute numbers, segment of the population. This has slowed down the growth of manufacturing of high-quality, mass-consumption goods, including food products and garments. Entrepreneurship too has emerged from a narrow social base.

Looking forward, we need to have a clear recognition of what went wrong, and where we got it right, with the ambitious development strategy India launched immediately after Independence. The audacious attempt to build technological and industrial capabilities with generous state support was the correct thing to do. The country must reinstate such efforts if it has to stand a chance in fast-growing economic fields, be it semiconductors or biotechnology. After 1991, India abandoned planning for industrial growth assuming, mistakenly, that there is no role for industrial policy in a globalised economy. It will be costly to continue with that error now, at a

time when both the United States and China are lavishing government support for their industries.

At the same time, India must redouble efforts to make economic growth more inclusive and broad-based. Education, especially higher education, should be accessible to all, including the dispossessed.

India's mission to use technology to propel itself to a higher level of development is half won. Now if the country's billion-strong masses acquire the social and the human capabilities required for upward mobility, that will be the equivalent of a lunar takeoff in economic progress.

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