FINANCIAL TIMES

WEF: rebooting India

November 7, 2012 3:35 pm by Neil Munshi

Wednesday's opening panel at the World Economic Forum's annual India meeting was entitled "Rebooting India" – a rather ominous slogan as many of the participants noted.

And while India's law minister, two local business chiefs, and the ceo of Nestle all took their turn in analysing the country's economic woes, it was Harvard economics professor Gita Gopinath who found the most convincing argument.

"It's no mystery why growth has slowed down – this is not a country that can afford to have reforms every 30 years," she said, referring a bit loosely to the long gap between the 1991 economic liberalisation and last month's spate of reform announcement.

"The fact that India has slowed down is not a mystery, it's not a mysterious at all – it's because...[reforms happen] only when you think your ratings are going to be downgraded, and that doesn't work," she said, referring to the fact that the recent reform rush was just that: a response to a sovereign credit downgrade threat.

Another issue, she said, was India's lack of a healthy manufacturing sector – a fact highlighted by beyondbrics last month.

"There is no way that India can transition from being a low-income country to a middle-income country without having a healthy manufacturing sector given the size of the labour force," she said. Rigid labour laws – like a 1982 law that makes it extremely difficult to fire employees if a business has more than 100 workers – must be rethought.

Ashwani Kumar, law minister, was more focused on what the government *is* doing than on what might have been done in Gopinath's years of missed opportunities.

"We are confident that through a series of bold policy initiatives, transparency in government and regulatory reforms, we will be able to get back to above 8 per cent [GDP growth] by 2015-2016," he said. "We are hoping to achieve about 7 per cent next year – but overall average growth over (2012-2017) is estimated around 8.2 per cent."

N Chandrasekaran, CEO of Tata Consultancy Services, agreed, but said he was interested in getting to the bottom of what exactly went wrong in the first place, while not quite hitting the nail as squarely on the head as did Gopinath.

"But why did we get here? We got here because we didn't do many things right – from a global investor point of view, from Indian entrepreneur point of view, there is no confidence," he said. "Execution is the problem."

"There has to be a follow through plan on execution and the past couple of months a number of steps have been announced by the government, and that has been positive," he added. "But if you want to pick up the positive momentum…it's important to execute."

Paul Bulcke, CEO of Nestle, gave the international business view, which turned to be pretty similar to the Indian business view. "Everybody knows what needs to be done, it's just getting it done and the trust, the confidence to do it, that is somewhat lacking," he said.

He also put a pin in the bad mojo surrounding India: "The mood, with a panel titled 'reboot' and things like that – it's not very positive."

Chandrasekaran said he found himself a bit shocked to be in the position of discussing moving from the current 5.5 per cent growth to 7 or 8 per cent growth, given that Indians had once thought double-digit growth would be the norm.

Gopinath, born and raised in India and educated in Delhi in the early 1990s, put it simply:

"It's remarkable that we are sitting here at this forum and talking about rebooting India – and it's remarkable not because India got used to growing at 10 per cent," she said. "It's shocking how short [the period of growth that high] was."

She added: "India [must realise] that reform has to happen on a more consistent basis and not every 30 years."

When it comes to "rebooting" India, CTRL+ALT+DELETE, it seems, will not suffice.

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