



Photographs by ROHIT CHAWLA

(FROM LEFT) UNION ROAD TRANSPORT MINISTER NITIN GADKA  
CHIEF ECONOMIC ADVISER ARVIND SUBRAMANIAN  
AND RAILWAYS MINISTER SURESH PRABHU

# UNCAGING THE TIGER

The government is hardselling its new thrust on infrastructure and ease of doing business

On March 16, Christine Lagarde, managing director of the International Monetary Fund (IMF), said in New Delhi that “conditions are ripe for India to reap the demographic dividend and become a key engine for global growth”. The IMF chief’s visit coincided with Prime Minister Narendra Modi’s tour to Sri Lanka, Mauritius and Seychelles where he extended the government’s invitation to ‘Make in India’, a campaign that is now considered the hallmark of the PM’s economic thrust.

What are the broad contours of the plan to Make in India? How is the government breaking new ground in taking the country’s manufacturing sector to 15 per cent growth as envisaged? Union ministers, industrialists, academicians and writers debated the issue in three sessions at the India Today Conclave. The results pointed to a new hope for progress, despite tall challenges on the way.

## RAISING THE BAR

The Modi government inherited an economy scarred by slow growth, high inflation and government indecisiveness as the telecom and coal scams maimed the UPA regime’s credibility. Given that inflation and

the current account deficit (or the difference in the value of India’s exports compared to its imports) were brought under control, thanks largely to a slide in global oil prices, many expected the government to act fast and decisively. Infrastructure, where as many as 74 major projects worth Rs 3.5 lakh crore are stuck for want of regulatory clearances, fuel linkages or inability of the promoter to raise the required finances, is a major concern. But how can these projects take off, especially when an effort to make the land acquisition bill friendlier for businesses is facing the heat of a united Opposition? Nitin Gadkari, Union minister of road transport and one of the most articulate defenders of the government’s policies, said at the session ‘The Economics of Politics: Bringing the Country Back on Track’ that he could not fathom why the land bill was being portrayed as anti-poor when actually 18 per cent of the projects lined up was for irrigation, while some of the others were in areas such as providing road connectivity and drinking water to the villages, and building schools and colleges. “If you want to construct a big dam where you require 5,000 acres of land, and you need 80 per cent of the people’s permission for it, how it is possible?

No one will give you permission; it means you don’t want to do any irrigation project?” Gadkari asked. He was even ready to challenge the media and prove that the land acquisition bill was not against farmers.

Gadkari further spiced up the debate by putting forward his achievements in the past few months as minister. He said the government would be able to construct 30 km of roads in a day, up from 11 km at present, and just 2 km when he took charge as minister last May. Given Gadkari’s track record as PWD minister in Maharashtra between 1995 and 1999 when he supervised the completion of the Mumbai-Pune Expressway, one of the country’s first such, the claim did not seem exaggerated, provided land acquisition issues get ironed out. Railways Minister Suresh Prabhu displayed purpose when he said his ministry has already raised Rs 1.5 lakh crore in cheap loans to meet the gargantuan Rs 8.5 lakh crore needed. He said: “When we are doing a surgery, it does not matter if we are doing it at a private hospital or at a government-owned one, what’s more important is that the surgery is successful.” Prabhu, who said subsidies are essential in an inequitable society like India, is trying out innovations in Railways,

“When I took over as minister, only 2 km of roads were being built in a day. Today, it’s 11 km a day... next two years, it would be 30 km a day.

—NITIN GADKARI  
Road Transport Minister

One virtue of MNREGA is that it is a well-targeted scheme. Jan Dhan, Aadhaar and the Mobile, or JAM, has great potential.

—ARVIND SUBRAMANIAN  
Chief Economic Adviser

Privatisation is not a solution to all that is wrong. Similarly, government control is not the solution to all that is wrong.

—SURESH PRABHU  
Railways Minister

including forming separate companies with the states to take up projects, and setting up a Logistics Corporation of India to provide integrated transportation solutions.

He did not let go any opportunity to take a dig at the Aam Aadmi Party government in Delhi which has announced cheaper power and free water. "If you have the technology to generate free power, then you can give free power," he said, adding that when he was power minister in Atal Bihari Vajpayee's cabinet, he met several farmer organisations that told him that they did not want free power since "free power is no power".

The government's Chief Economic Adviser, Arvind Subramanian, began with a statement that would be music to the ears of his political bosses. "Bad governments are likely to get thrown out and good governments are likely to be retained. That's a very healthy sign in Indian politics," was his take on the issue of good economics making for bad politics. One of the architects of the Union Budget 2015-16 that has been generally hailed as

path-breaking, he underlined the need to unleash public investments in the short run to gain some immediate results since the corporate sector was relatively weak as they borrowed heavily, straining the banking system in the process.

However, on the issue of divestment of behemoths such as Air India, a point raised by India Today Editor-in-Chief Aroon Purie in his welcome address, he decided to exercise caution. "I have flown Air India and I must say that one leg was good and one leg wasn't so good, what should I make about Air India? It is something that we have to address pragmatically. At the moment that's not the top priority."

While the government got busy defending its policies, businessmen, who are to benefit from them, asked for more. The narrative on the ground in manufacturing is still not rosy, with projects taking years to get cleared. Baba Kalyani, chairman of the Kalyani Group, was obviously being charitable when he said inordinate delays in land acquisition was bad news. "Regulatory processes have been fairly resolved,

but there's room for improvement in the B2G (business with government) sector," he said, speaking at the session 'Make in India: Smart Sell or Game Changer?'. But he was optimistic, and rightly so, considering his plans for the defence sector got a boost with the government's recent opening up of the sector to foreign investment. "In my own business, I am No.1 in the world today, supplying to every continent," Kalyani said, adding that if the defence sector is opening up, the Indian industry has the capability to "make a lot of these things".

One of the most passionate voices at the conclave came from the government—Amitabh Kant, secretary in the Department of Industrial Policy and Promotion. Several departments have been integrated for better focus and faster clearances, states have been challenged to encourage businesses, and FDI has been opened up in insurance, defence and medical devices for ease of doing business, he said. The tax department has got a lot friendlier, he claimed. Y.C. Deveshwar, chairman of hospitality-to-FMCG giant ITC, was

“ India is a young country. If young people are not provided quality jobs, then we are sitting on a disaster.

—Y.C. DEVESHWAR ITC Chairman

India has all the right assets required to do business. We must realise that there will be a spillover effect of the success of e-commerce.

—VALERIE R. WAGONER ZipDial CEO

” The new government has a vision. For instance, environment clearances are happening online.

—BABA N. KALYANI  
Kalyani Group Chairman



## PARRIKAR'S PRESCRIPTION

### The five takeaways

#### CHIEF OF DEFENCE STAFF A MUST

Integration of the armed forces and the creation of a post of chief of the defence staff (CDS) are a must. A note on the mechanism to create the post of CDS will go out in the next two-three months.

#### MAINTENANCE OF HELICOPTERS

Military helicopters are old but have not outlived their life. No helicopter will fly unless it is in perfect flying condition. Forces are ensuring better spares management, maintenance.

#### NO INDISCRIMINATE BLACKLISTING

Arms companies should be black-listed and punished but this should be applied carefully. Blacklisting one company can lead to a loss of competition. The blacklist on Tatra hit the army because there were no spares for nearly 7,500 trucks.

#### FDI COULD GO UP IN SOME CASES

Make in India can have FDI up to 100 per cent in specific cases, if a foreign company brings in critical technology that India does not have. Make in India is most important for defence because the government is the sole buyer.

#### ONE RANK, ONE PENSION

The proposal to grant one rank-one pension, or giving the same pension to all officials of one rank despite different dates of retirement, has gone to Defence Finance and will go to the Ministry of Finance in a week.

DEFENCE MINISTER  
MANOHAR PARRIKAR



(FROM LEFT) SUPER 30 FOUNDER ANAND KUMAR, WRITER CHETAN BHAGAT, UNION MINISTER RAJIV PRATAP RUDY AND PRINCETON UNIVERSITY PROFESSOR MANJUL BHARGAVA

in no mood to let off the government so easily and wanted a "360-degree action plan" to make India competitive in manufacturing and restore investors' confidence. Taxation is one aspect, but the other is Indian firms investing in factories in China or Indonesia that help them to be more competitive. Even if India turns competitive, small benefits are not going to motivate companies to get back to the country. There are 12 million people coming into the job market every year. By 2025, that figure will be 30 million. "If we don't provide them quality jobs with dignity, then we are sitting on the brink of a disaster," he warned. 'Make In India' is not only about manufacturing in India, but also to create ideas and intellectual property, research and development, he added. Bringing in a fresh perspective on e-commerce ventures into an otherwise old economy discussion was Valerie Wagoner, founder and CEO of ZipDial, who pointed to the spillover benefits of e-commerce success, crucial at a time when big retailers are demanding curbs on online marketplaces.

### BETTERING SKILLS

A discussion on 'Make in India' is not complete without taking stock of the workforce on the ground, their skill levels and the shortfalls. Rajiv Pratap Rudy, minister of state, skill development & entrepreneurship (independent charge) and parliamentary affairs, showcased the creation of his ministry as evidence

of the government's commitment to developing skills, but conceded that the challenges were manifold. Just 2 per cent of Indian workforce is skilled, compared to 60 per cent in the US or 45 per cent in China. Undoing mistakes of the past, where the focus was on education and degrees with no focus on employment, was arduous, he said in the session 'Young, Educated, Unemployed: Got a Degree But Where Is My Job?'. "You can't have 'Make in India' unless you have a skilled India," he added. Writer Chetan Bhagat had a point when he said entrepreneurship needed to be encouraged rather than everyone chasing cushy jobs. As candid as he is with his comments, he had the audience in splits when he said he wants people to be making money so they can buy his books. Indians are caught up in a race to join premier institutions such as the IITs, but schools in rural areas are languishing with poor infrastructure, as highlighted by Anand Kumar, founder, Super 30, an inclusive education programme. Princeton University Professor Manjul Bhargava said the project he was working on, GIAN, aimed to bring top international educators to India. However, the mindset in India was still that of producing engineers and doctors, and not encouraging the pursuit of pure science, he added.

While the new government has set its sights high, it would need to keep pushing the limits of policy and governance to be able to fulfil its promises.

by M.G. Arun