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Choking of India's future

By most estimates, Indian economy will clock a growth rate of over 8 per cent in the current financial year, and perhaps even 9 per cent or higher in the coming one. This spectacular performance is akin to pulling a rabbit out of the magician's hat. It is even more incredible in the backdrop of near-absence of reforms in the UPA I and II regimes, and the unprecedented level of corruption which has robbed the nation of lakhs of crores of rupees in revenues and has seen siphoning of humongous quantum of money allocated for investment at the grass-roots level. Finally, this growth is extremely remarkable keeping in mind stagnation or very poor economic performance of some of the largest states in the country, including UP and Punjab, and continuing unrest in large swathes of India across many states.

Unfortunately, the last 10 years of remarkable economic growth has led many to believe — not only outside India but within India itself — that it is in India's destiny to grow at 8 per cent or more for years and decades to come. Optimistic projections from different think-tanks about India's (economic) future continue to appear in international and national media, lulling not only the government but many Indian businesses, and then many young and not-so-young Indians into feeling even more bullish about India's future than they have been at anytime during the last 20 years.

India's political leadership, perhaps since 1975, has been increasingly focused on getting into and staying in power. Visioning for India's future has been, at best, left to the Planning Commission and its Five-Year plans. Indeed, there has been no serious effort to try to envisage an India of one or two generations ahead, and then work backwards from that dream or vision. It is, therefore, no surprise that in most of these last 35 years, successive governments and planners have at best taken small, incremental steps and then at times, on account of political compulsions or misdirected ideology, taken some steps back too. Unfortunately for India, almost 600 million have been added to the population of about 600 million in 1975.

At the time of India's Independence, the deficit in social and physical infrastructure in absolute terms was daunting to start with. In recent decades, it has only increased rather than decrease even if the broad GDP indicators, or when seen in percentage terms, mislead into believing it otherwise. India's population in 2025 will be over 1.4 billion, implying an addition of 200 million people or more to the numbers today. The sheer pressure, then, on all kinds of resources will be mindboggling. Of all the challenges, that relating to land use — the root of many of the scams and much unrest of recent years — is one of the most complex ones. First and foremost, India will have to produce more than double its current output of food products. This will be a direct outcome of the addition to the population and also of higher food intake following income growth, and then some on account of lifestyle changes (i.e. more meat and dairy, more fruits and vegetables, and more pulses, edible oil and sugar). Farm productivity can theoretically improve but, in actual terms, it is improving at a very small rate due to the near-absence of reforms in the agriculture sector in the last many decades and due to a continuous decrease in size of average land-holding per farmer. At the same time, to meet other needs of this large population (housing, schools, hospitals, retail space, other public space, office space etc. etc.), the total land available for cultivation will continue to reduce year after year. At 8 per cent GDP growth rate, by 2025,

India will need almost 12 million hectares of additional land (or about 3.5 per cent of India's total land mass) just for mining, industry and urban housing. Retail alone will require about 1.8 billion square feet of additional space (or equivalent of about 9,000 shopping malls of 200,000 square feet each of actual retail space). At 8 per cent GDP growth rate, India will have to build an equivalent of two Mumbais every year just in terms of residential and commercial space requirement. To cater to the urban transportation needs, India will have to build 350 to 400 km of metro transport every year (20 times of what the country built in the last 10 years) and 4 million km of roads to add to the current 3.3 million km. The same deficit is in human skills development at all levels.

Indeed, if Parliament stays gridlocked as often as it does now, and if there is no political will to take up reforms and urgent action on all fronts, India could actually see itself reverting to its traditional Hindu rate of (economic) growth sometime in the next few years.

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