

Why India's success matters to the world and not just to Indians

We can hugely enhance the world's labour force, consumer market and growth prospects while upholding an ethos of sharing



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It is often said about the globalized age we live in that an event in any part of the world can potentially affect multiple regions, regardless of the geographical distance. It is the age of overlapping and interlinked global value chains, one where successes or failures are not necessarily limited by national boundaries. In such a global landscape, the success of a country like India is significant not just for its own development ambitions. India attaining the goals it has set and overcoming challenges will have more than just a positive spillover effect. It will be a determining force with the power to shape global trends. India has certain features that make its success especially relevant to the global landscape.

Home to one-sixth of the world's population, India's colossal pool of human resources gets mentioned frequently in policy discussions. It is widely recognized that in harnessing the potential of this resource, there are substantial gains to be reaped by both India and the world at large. India is expected to add another 183 million people to the working age group of 15-64 years between 2020 and 2050. Additionally, India's working-age population is expected to grow to 18.6% of the global labour force by 2027. Transforming this reservoir into a resource equipped holistically in terms of education, skills and health would create a crucial labour force for the rest of the world as well. Furthermore, the labour force would unleash potential demand for various industries to cater to. Enabling a population unleashes hitherto untapped demand forces.

According to the World Economic Forum, by 2030, India is projected to be led by the middle class. In 2030, around 80% of households will be middle-income, up from about 50% today, with the middle class expected to drive 75% of consumer spending in 2030. This segment could generate exponential demand, driving up India's consumption expenditure and serving as a lucrative market. If India succeeds in leveraging its demographic dividend, the consumption growth brought about by this expanded middle-class bracket, with an addition of nearly 140 million new households, will be supported by a better educated and employed youth. Industries worldwide will have the opportunity to serve this market better, and harness the country's young and able.

In recent years, India has come to occupy a position of significance in the world economy. Recently, India surpassed the UK to become the world's fifth-largest economy. Based on calculations done using the dollar exchange rate, the size of the Indian economy in current terms was \$854.7 billion in the relevant quarter, which was larger than the UK's quarterly figure of \$816 billion. In 2021, India was the third largest country by gross domestic product (GDP) in current US dollars



expressed in terms of purchasing power parity (PPP), according to World Bank figures. India is facing major challenges in the form of poverty, inequitable distribution of resources, education, and healthcare-related inadequacies, among others, India accounts for about 15% of global growth as per International Monetary Fund estimates. Additionally, the share of India in world GDP at current prices (PPP) increased from 4% to 6.8% over the period 2000 to 2020. The same share in terms of current US dollars has increased from 1.38% to 3.14% over the same period.

This urges one to think about the prospects of global growth once India attains a more uniform spread of prosperity within the country across different classes, communities and regions. Overcoming the hurdles India faces will allow it to fulfil its true potential and help the nation contribute to global growth in a far greater capacity.

India, by reaching its highest annual foreign direct investment (FDI) inflow of \$83.57 billion in 2021-22, established the fact that it is rapidly emerging as a preferred investment destination. In the last 20 years, FDI inflows have increased 20-fold. Concerted efforts are underway in the direction of making India an even more attractive and stable investment zone. FDI inflows have multiple benefits. They strengthen domestic production, facilitate the transfer of technology from overseas, and in turn, enable India to gain a competitive advantage in different sectors.

The country's importance in the world was



its vital role in supplying vaccines to 98 countries during the covid crisis. India supplied over 235 million doses of covid-19 vaccine to 98 countries. Improving the country's scientific research and manufacturing ecosystem would further enhance India's capacity to extend the benefits of its domestic scientific research system. Going beyond national interest showcases an ethos of solidarity with the world. The nation has emerged as a crucial lynchpin in an evolving geopolitical landscape of a multipolar world, especially as an influential player in Asia. In the climate change discourse, in particular, the way India chooses to address both its economic growth challenges and its sustainability goals can pave the way for a host of developing nations who find themselves in a similar situation.

In the coming decades, India's strategy will in no small part have global ramifications. India's long-term economic success depends on its capacity to develop a coherent national value proposition, identifying specific opportunities and business environment qualities that it provides.

A nation's economic clout depends on a range of non-economic factors as well. India's success has to be seen not just in terms of its economic progress. The definition of India's success has to factor in its ability to progress socially, produce sustainably and distribute resources and value created more equitably. The competitiveness paradigm, by capturing all of the factors mentioned, broadens the very idea of success.