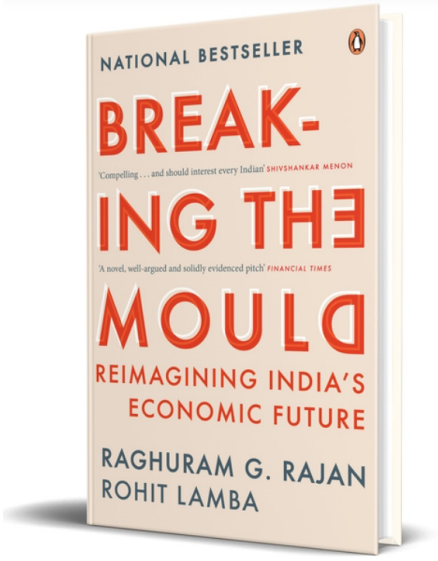
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Book Review

BREAKING THE MOULD
Reimagining India's Economic Future

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Since the yesteryears India has been a mystery land for many, a treasure trove for the explorers, an orchestra of customs, traditions for many and for the economists, it was a third world country trying to shake out of the colonial rule of two centuries.

India is at the cusp of getting into the BIG 3 league of economically powerful countries. This book makes a brilliant attempt to lay out the roadmap for the New India which not only is able to maintain its high growth rate and GDP but is also able to transform at the grassroots level. Education, Agriculture, Manufacturing, Exports, Governance, Health care are some of the key challenges which the author acknowledges and provides his insights which can make India a superpower and sustain its strong growth momentum which it has demonstrated in the last decade.

The narrative in the book of how the Supply chain across the world has become truly global is well illustrated with examples of companies such as apple, one of the top brands in the world with a market cap of $3Trillion does not manufacture anything locally or by itself instead leverages the global supply chain and manufacturing ecosystem to create innovative products. The author goes on to debate how China while rising to becoming the manufacturing hub of the world has managed to increase the percapita income of its citizens and moving its burgeoning population from poor to middle income in less than 4 decades. A strong indicator that other aspirers like India and Indonesia may not be able to follow this path is the rising labor costs, non-availability of sophisticated manufacturing facilities and equally important government policies supporting this model.

Another interesting point highlighted is the value generation in the manufacturing supply chain. Maximum value is realized in the R&D phase while production offers the lowest value generation. The value generation increases significantly when the product reaches the branding, sales and marketing phase and the author argues that countries at this juncture need to make Ernest efforts to become a leader in the higher value echelons to become a leader in the global supply chain and manufacturing business. The author also highlights the key reasons why India has not been able to industrialize as much as China.

There is credible evidence presented on how India was unable to invest heavily in primary education in the early years post-independence while there was a

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significant push from China on primary education. Average years of education in China during 1980 was 5.7 years while India was still at 2.5 years. India's focus on education and reforms only started in early 1990's.

Other reasons cited which hindered India's growth of becoming manufacturing base was the high import duties and closed economy India had which left the Indian market entirely to the Indian producers. Lack of competition killed innovation and India's growth hampered. Add to that the red tapism, bureaucracy and Permit Raj ensured India stayed poor and fell behind the manufacturing race.

The author makes an interesting shift by describing how India "broke the mould" in the areas of services. While traditional services needed to be local, India pioneered and was highly successful at providing high end services in the areas of Information Technology, Business process services, Technology services to rise on the growth path and sustain it for more than 2 decades. The future growth of India depends on where India decides to put its focus on – Manufacturing or Services.

The author now shifts gear and talks about where and how India should place its bets to become a global superpower. With a Per Capita Income of approximately $2400 India is far behind the likes of China at $12500 Per Capital Income. India will need to do a lot to escape the middle-income trap. India will need to overcome the existing deficiencies in its manufacturing ecosystem and policies, look more positively at regional and international trade agreements and decrease its import costs. There is also an urgent need to put focus on Intellectual property rights framework, foster innovation, intellectual property creation among domestic companies and workforce. The Author also argues that this is the right time for India to start tightening and enforcing product patents enabling Indian firms to invest and incentivize in doing primary research and producing original patents. This whole initiative will need to be augmented by fostering and strengthening research in Indian universities.

India will also need to encash on the Globalization backlash driven mostly by China's dominance in Manufacturing sector and associated job losses of middle-income manufacturing jobs in the West. India will need to establish itself strongly as "China+1" alternative. India will need to emphasize on new firms, new ideas and industry leading products across industries and services spectrum which can help India leapfrog to become a global power

All this can be achieved only if India has a very strong Governance and structure. While India can pat its back on how they were able to contain the COVID-19 Pandemic the governance for the twenty-first century needs to be more inclusive and collaborative in Nature.

With a diverse population in terms of ethnicity, caste, language, religion, culture and age demographics, governmental policies and decision making will need to be sensitive to different interests and mediate them.

The author stresses the importance of having institutions being completely independent and acting on the interests of the state. A good example is making the RBI operationally independent and being allowed to take any decisions it needs to keep inflation and risks of financial instability low. Institutions like the Central Bureau of Investigation (CBI), Enforcement Directorate (ED) and Central Information Commission must comprise of independent eminent citizens with domain expertise, along with the government representatives.

Civil society should have full transparent access to policy draft documents to scrutinize and comment on which can be duly incorporated in further drafts.

The book also dwells on the benefits of increased decentralization between center and state, state and local and how this can foment inclusive bottoms up, top-down approach to common governance issues. It gives every state the room to try its own policies and share experiences about what really works. The local governance at the village panchayat level must become both the thinker and the executioner vs merely executing the schemes passed down from the central and state governments

The books makes a strong attempt at understanding the challenges India faces with respect to key parameters for growth - Higher Education and Healthcare.

The book highlights how little India's GDP goes into Education budget: 3.8% (2020-21). It highlights our challenges managing the fast-increasing job demands for our young population and the minimal emphasis provided on Vocational and skill-based training. Creating a large number of top-notch higher education such as IISC, IIMs are of paramount importance.

Providing affordable and good Healthcare to 1.3B population is herculean task and India will need to make giant steps to make this happen. There are good examples which have taken root in the last few years such as Delhi Mohalla clinic model, Jan Swasthya Sahyog, Aravind eye hospital, CMC Vellore etc. In addition, a model to provide autonomy to the patients, creating healthy competition among providers with affordable healthcare is extremely important to bridge the huge gap between affordability and medical costs. Government guarantee of healthcare through PMJAY and ESIC is a model already in place and will need to enhanced. Leverage of Information technology and decentralization can play a major role in making health care services reachable to every individual.

The last section the book addresses various issues with India's persistent problem of addressing inequality, reservation system and how to revamp the reservation system what the author calls as "reservation plus" which is more focused on backward regions that have an overrepresentation of disadvantaged groups. Redesigning reservation should help eliminate economic sources of disadvantage via better public services, targeted government support and increased women participation in labor force. This section of the book also dwells into how India should engage with the world, our relations with our northern and western neighbors, how India can transform from Soft Power to Hard Power and become a champion of cause in regional/international forums to address issues around trade, standards, climate, migration and geo-political concerns.

The author wraps up the book by how India can make the next hundred years "India's century of flourishing" by promoting Entrepreneurship, technology leadership, Talent management, strong political leadership with government playing the role of the enabler.