Making India Wealthy

What is the issue?

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Investing in institutions might seem impractical in the short term, but it is needed to give our economy a competitive advantage.

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How can India be made wealthy?

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- We only need to use two critical leverage points to remove the shackles on India’s growth: namely, skilling of the workforce and security of property.
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- These can act as significant force multipliers but this, in turn, needs a fundamental shift in Indian thinking i.e. abandon short-term practicality.
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- Capital, innovation and entrepreneurship are necessary but not sufficient conditions for making India wealthy.
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- Today, India has no shortage of innovation and entrepreneurship and even capital.
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- The visible prosperity of many countries in the West, the state-of-the-art infrastructure, often leads us to confuse the results of wealth with the process of creating it.
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- The process of creating wealth has far more to do with improving productivity and efficiency than merely the building of bridges, roads and airports or even setting up factories.
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- Any improvement in productivity depends on a long-term vision of improving output and reducing costs.
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- Improving output, in turn, is an outcome of a highly-skilled workforce.
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- That unfortunately is something India does not have in sufficient quantities.
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How can skilling India help us?

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- An NSSO (National Sample Survey Office) report of 2013 says that only about 2% of the Indian workforce has received technical education of any kind.
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- The data also shows that any increase in skills, even in a sector like agriculture, can lead to a 30% rise in incomes.
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- In the manufacturing sector, the increase in income is of the order of 80-95%.
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- The Skill Development Mission has made serious efforts to plug this skill gap.
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- But they have not yet roped in academic institutions: It is these that could provide an institutional mechanism for skill development.
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- To produce better results, we need to make efforts to encourage our academic institutions to tie up with local industry so that curricula are more suited to what the industry needs.
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- We need to look at higher-order skills to go up the value chain.
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- India is earning a great deal in IT services but we do not possess skills for a lead in terms of product design.
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- Academic institutions need investments in sunrise sectors like design engineering, robotics, geoinformatics, supply-chain management, cyber security, nanosciences, biotechnology etc.
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- This is what the Western world recognized long ago like in the 1940s, American state poured money into knowledge creation, but no substantial outcome was there in short term.
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- And this was called a sunk cost where nothing can be reaped in immediate

terms, but in longer term it will benefit the host country.
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- India is rather uncomfortable with the idea of “sunk costs”, cause policy makers needs to have an immediate practical value.
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What is the need for security of property?

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- Security of property is fundamental to institutional infrastructure of any kind.
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- The knowledge that title to land is secured and can be used for taking out any kind of mortgage.
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- For providing clear title to property, the government only needs to do two things: to pass an enabling legislation and to take up an exercise for mapping urban and peri-urban land and providing geospatial coordinates to each piece of property.
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- The main reason that cases linger on in the courts for years together is that the government today does not have a master database of land which is updated regularly.
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- The steps to be taken are quite simple: Assign each piece of property a unique number which could be dependent on the road where the property is located; map properties through a combination of satellite imagery and a ground-level survey; seed properties with the Aadhaar numbers of owners; award clear title to the owners.
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- For a country that can boast of one of the least expensive space programmes anywhere in the world and one that is a major provider of global IT services, all this is easy to do.
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- An international study of the value of public sector information says that the American government invests roughly €19 billion per year in putting information on spatial mapping and environmental services free of cost or

at nominal cost in the public domain.
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- The value added to users in the economy is €750 billion per year.
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- In comparison, countries in the European Union, which recover the costs of such information from users, spend €9.5 billion per year in collecting the information and the value added is roughly €68 billion per year.
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- Strong institutional support structures are needed to give our economy a competitive advantage.
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- It is these that would build a supportive ecosystem for fledgling businesses to grow.
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- Investing in institutions might seem impractical in the short term, but surely governments need to take a long-term view.
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Source: Live Mint

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